

**Town of Wallingford, Connecticut
Comprehensive Annual Financial Report**

**For the Fiscal Year Ended
JUNE 30, 2017**

**TOWN OF WALLINGFORD, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 JUNE 30, 2017**

Introductory Section		Page
	List of Principal Officials	i
	Organizational Chart	ii-iii
	GFOA Certificate of Achievement for Excellence in Financial Reporting	iv
	Letter of Transmittal	v-xii
 Financial Section 		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-12
 Basic Financial Statements 		
Exhibit	Government-Wide Financial Statements:	
I	Statement of Net Position	13
II	Statement of Activities	14
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
	Proprietary Funds:	
V	Statement of Net Position	19
VI	Statement of Revenues, Expenses and Changes in Fund Net Position	20
VII	Statement of Cash Flows	21
	Fiduciary Funds:	
VIII	Statement of Fiduciary Net Position	22
IX	Statement of Changes in Fiduciary Net Position - Pension Trust Fund	23
	Notes to the Financial Statements	24-65
 Required Supplementary Information 		
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual (Non-GAAP Budgetary Basis)	66-67
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual (Non-GAAP Budgetary Basis)	68-72
	Pension Plans:	
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - Town	73
RSI-4	Schedule of Employer Contributions - Town	74
RSI-5	Schedule of Investment Returns - Town	75
RSI-6	Schedule of Changes in Net Pension Liability and Related Ratios - Volunteer Fire	76
RSI-7	Schedule of Employer Contributions - Volunteer Fire	77
RSI-8	Schedule of Investment Returns - Volunteer Fire	78
RSI-9	Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	79

<u>Exhibit</u>	Supplemental, Combining and Individual Fund Statements and Schedules	<u>Page</u>
	General Fund:	
A-1	Comparative Balance Sheet	80
A-2	Report of Tax Collector	81
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	82
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83
	Special Revenue Funds:	
B-3	Combining Balance Sheet	84-87
B-4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88-91
	Capital Projects Funds:	
B-5	Combining Balance Sheet	92
B-6	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	93
	Permanent Funds:	
B-7	Combining Balance Sheet	94-95
B-8	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	96-97
	Enterprise Funds:	
C-1	Electric Division - Schedule of Revenues, Expenses and Other Financing Sources (Uses) - Budget and Actual	98
C-2	Water Division - Schedule of Revenues, Expenses and Other Financing Sources (Uses) - Budget and Actual	99
C-3	Sewer Division - Schedule of Revenues, Expenses and Other Financing Sources (Uses) - Budget and Actual	100
C-4	EMS Transport Fund - Schedule of Revenues, Expenses and Other Financing Sources (Uses) - Budget and Actual	101
	Internal Service Funds:	
D-1	Combining Statement of Net Position	102
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	103
D-3	Combining Statement of Cash Flows	104
	Fiduciary Funds:	
	Trust Funds:	
E-1	Statement of Fiduciary Net Position	105
E-2	Statement of Changes in Fiduciary Net Position	106
	Agency Funds:	
F-1	Combining Statement of Changes in Assets and Liabilities	107
	General Obligation Debt:	
G	Schedule of Changes in Bonds and Serial Notes	108

Table	Statistical Section	Page
	Financial Trends:	
1	Net Position by Component	109
2	Changes in Net Position	110-111
3	Fund Balances, Governmental Funds	112
4	Changes in Fund Balances, Governmental Funds	113
	Revenue Capacity:	
5	Assessed Value and Estimated Actual Value of Taxable Property	114
6	Principal Property Taxpayers	115
7	Property Tax Levies and Collections	116
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	117
9	Statement of Debt Limitation	118
10	Legal Debt Margin Information	119
	Demographic and Employment Statistics:	
11	Demographic and Employment Statistics	120
12	Principal Employers	121
	Operating Information:	
13	Full-Time Equivalent Town Government Employees by Function/Program	122
14	Operating Indicators by Function/Program	123
15	Capital Asset Statistics by Function/Program	124

Introductory Section

TOWN OF WALLINGFORD, CONNECTICUT

TOWN OFFICIALS AS OF JUNE 30, 2017

PRINCIPAL OFFICIALS

MAYOR

William W. Dickinson, Jr.

TOWN COUNCIL

Vincent Cervoni, Chair
Thomas Laffin, Vice Chair
Craig C. Fishbein
John LeTourneau
Joseph A. Marrone III
Christopher K. Shortell
John J. Sullivan
Vincent F. Testa Jr.
Jason Zandri

APPOINTED OFFICIALS

Town Attorney
Corporation Counsel
Town Clerk
Comptroller
Deputy Comptroller
Treasurer
Tax Collector
Purchasing Agent
Assessor
Director of Public Works
Building Inspector
Town Engineer
Economic Devel./Business Recruiter
Chief of Police
Fire Chief/EMD
Animal Control Officer
Director of Health
Recreation Director
Personnel Director
Town Planner
Environmental Planner

Gerald Farrell, Sr.
Janis Small
Barbara Thompson
James M. Bowes
Timothy M. Sena
open
Jo-Anne Rusczek
Sal Amadeo
Shelby Jackson, III
Henry McCully
Justin Rossetti
Robert Baltrimitis
Tim Ryan
William Wright
Richard Heidgerd
Katie Ehlers
Eloise E. Hazelwood
John Gawlak
James Hutt
Kacie Costello
Erin O'Hare

BOARD OF EDUCATION

Roxanne M. McKay, Chair
Michael Brooder
Kathy Castelli
John J. Cei, Jr.
Amanda Doerr
Shauna Glidden
Karen Hlavac
Patrick Reynolds
Michael J. Votto, Sr.

APPOINTED OFFICIALS

Superintendent of Schools
Assistant Superintendents
Business Manager

Dr. Salvatore Menzo
Cindy Lavalette, Carrie LaTorre
Dominic Barone (7/1/17)

PUBLIC UTILITIES COMMISSION

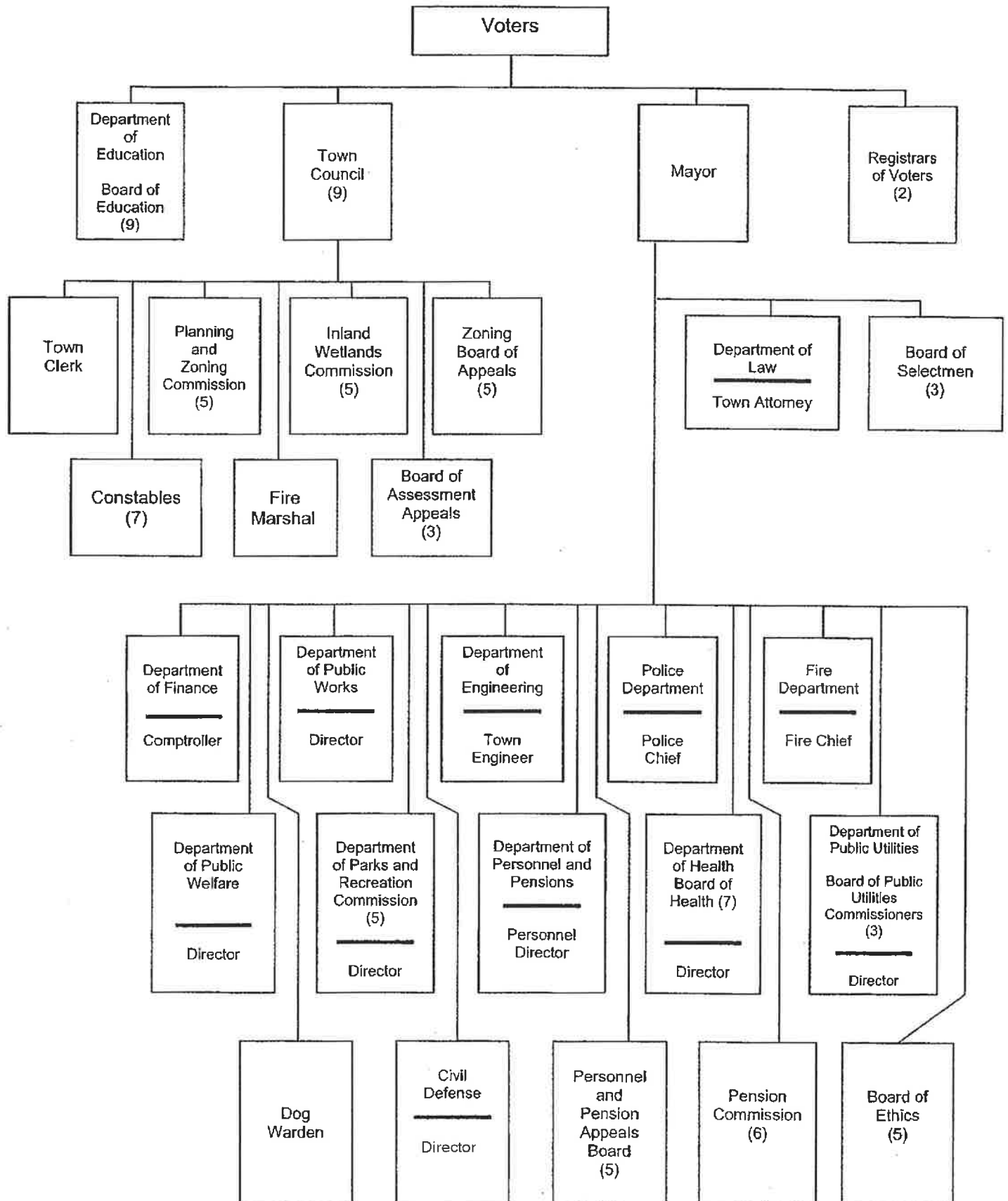
Robert Beaumont, Chair
Patrick Birney
Joel Rinebold

APPOINTED OFFICIALS

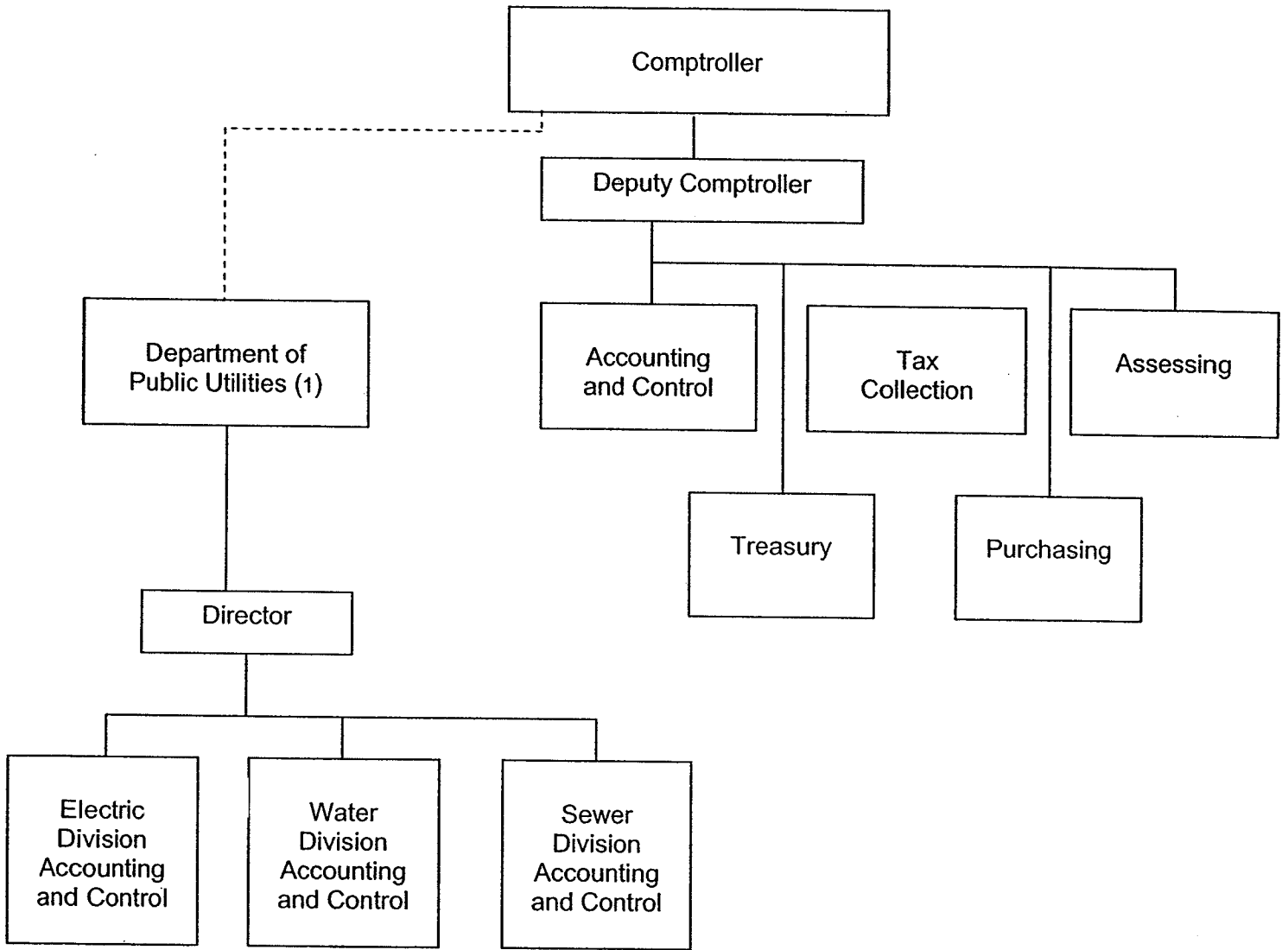
PUC Director
General Manager-Electric Division
General Manager-Water & Sewer Division
Business Manager-Electric Division
Business Manager-Water & Sewer Division

George Adair
Richard A. Hendershot
Neil Amwake
Thomas Sullivan
William Phelan

**Wallingford Town Government
Organization Chart**



**Wallingford Department of Finance
Organization Chart**



(1) The Comptroller has fiscal responsibility and control over the Department of Public Utilities as prescribed by the Town Charter.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Wallingford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



Town of Wallingford, Connecticut

JAMES M. BOWES
COMPTROLLER

DEPARTMENT OF FINANCE
45 SOUTH MAIN STREET
WALLINGFORD, CONNECTICUT 06492
TELEPHONE (203) 294-2040

December 26, 2017

To the Citizens of the Town of Wallingford, Connecticut
Honorable Mayor William Dickinson and
Members of the Town Council

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Wallingford, Connecticut (the Town) for the fiscal year ended June 30, 2017. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as well as the Connecticut Single Audit Act. Information related to these single audits, including the schedule of expenditures of federal awards and State financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. Copies of the reports are on file in the Town Clerk's office.

Blum, Shapiro & Company, P.C., Certified Public Accountants, have audited the financial statements of the Town of Wallingford. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2017 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The independent auditors' opinion is presented as the first component of the financial section of this report. Included in the audit report is a section called Management's Discussion and Analysis, which provides an overview of the Town's financial activities for the fiscal year ended June 30, 2017.

PROFILE OF THE TOWN

Wallingford was settled in 1638 and incorporated in 1670. A separate borough of Wallingford was incorporated in 1853, and on June 3, 1957 the Borough and Town voted to consolidate effective January 1, 1958. The Town serves a population of approximately 45,000 and covers an area of 39.8 square miles astride the Quinnipiac River in south central Connecticut.

The Town has operated under a Mayor-Council form of government since 1962. The Town Council consists of nine members with minority representation guaranteed. Members are elected to two-year terms. The legislative power of the Town is vested exclusively in the Town Council. The Mayor is elected separately from the Council. In accordance with Town Charter, the Mayor is the Chief Executive Officer of the Town. The Mayor is directly responsible for the administration of all departments, ensures all laws and ordinances governing the town are executed, attends all Council meetings, makes reports and recommendations to the Council for action, submits an annual budget and exercises other powers and duties as may be required by ordinance or resolution of the Council.

The Town provides a full range of municipal services including public safety (police, fire and emergency medical and transport services), street maintenance, health and social services, solid waste disposal, parks, recreation, libraries, public education, utilities (electric, sewer and water) and general administration.

Department of Public Utilities

The Department of Public Utilities (DPU) is responsible for the provision of electric, water and sewer services, under the jurisdiction of a Board of Public Utility Commissioners consisting of three members appointed by the Mayor and confirmed by the Town Council. The Town Council has oversight of the actions of the board and may veto any action, except personnel appointments, by a positive act of seven or more affirmative votes within fifteen days of any action. The Commissioners appoint a Director of Public Utilities who is responsible for the efficient and economical operation of the Department. The Town's Comptroller, by Charter, is the fiscal officer of the Utility Department.

Electric Division

The Electric Division, created in 1899, is overseen by a General Manager. Prior to January 1, 2014, it purchased electric power jointly with the other five municipally owned electric utilities in Connecticut through participation with the Connecticut Municipal Electric Energy Cooperative (CMEEC). Beginning on January 1, 2014 the Town left CMEEC and began purchasing electric power directly on the open power procurement market, (the Independent System Operators of New England), using the services of a third party consultant. The Division distributes the power and provides electrical service to residential, commercial and industrial customers of Wallingford and the Northford section of North Branford at rates that are consistently 25% to 30% lower than the two stockholder owned power companies in Connecticut, Eversource (formerly the Connecticut Light and Power Company division of Northeast Utilities Inc.) and United Illuminating Inc. Average daily consumption of power is approximately 1,679 megawatt hours. The Division owns approximately 401 miles of electrical lines and serves 24,890 customers.

Water Division

The Water Division is managed by the General Manager of Water and Sewer. The Division operates a filter plant and maintains four reservoirs with usable storage capacity of 1.9 billion gallons and three wells with a safe daily yield of 2.7 million gallons. Average water production is about 3.8 million gallons per day. There are approximately 7 miles of raw water mains, 200 miles of finished water mains, 1,335 public hydrants, 491 private hydrants, five booster stations and 3 raw water transfer stations. The Division serves in excess of 13,900 customers.

Sewer Division

The Sewer Division is also managed by the General Manager of Water and Sewer, and is responsible for treating domestic wastewater. The Division operates 12 pumping stations and treats a daily average in excess of 5 million gallons. There are approximately 198 miles of accepted sewer mains. The Sewer treatment plant is designed to treat an average flow of eight million gallons per day. The Division serves in excess of 13,800 customers.

Accounting System and Budgetary Control

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations, with the exception of the School Activity Fund, certain leases and the Scholarship Fund that by Connecticut State Statute are in the custody and control of the Board of Education, occur within the above framework. As Comptroller and Chief Financial Officer, I believe the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgeting is an essential element of financial planning, control and evaluation of operations. The annual operating budgets are legally adopted plans of financial operation embodying estimates of proposed expenditures for specific purposes and the methods of financing them. Budgetary control for the General Fund and Enterprise Funds is maintained at the operating department level on an object basis. The Town Charter prescribes the budget authorization process, which is described in the Notes to the Financial Statements, included herewith. The encumbrance method is employed to record obligations by line items. Certification of fund availability is required prior to issuance of purchase orders. Those encumbrances for which goods and services have not been received on June 30 of each year are reported as part of Assigned Fund Balance.

The Department of Finance employs a monthly reporting system. Management uses these monthly financial statements to administer and monitor the Town's financial position.

ECONOMIC CONDITION

Local Economy

Wallingford's overall economy, as evidenced by real estate values, unemployment data, and Grand List growth, has shown mixed results since last year. Real estate values have remained stable since the last State-mandated revaluation of October 1, 2015, in sharp contrast to steep declines experienced in many areas of the State. The Town's unemployment rate at fiscal year ending June 30, 2017 of 4.4% shows a moderately strong improvement over the 5% mark at June 30, 2016.

However, the Town's Grand List of October 1, 2015 a summary of all taxable real estate, motor vehicles and business property in town in effect for fiscal 2016/2017, declined by .65% (net) as compared to last year. This decline is attributable to a reduction in business (personal) property assessed values, as depreciation on existing accounts and departures outpaced new business (personal) property purchases and new business arrivals since last year.

One issue that will have a large financial impact on the Town is the pending departure of the Town's largest taxpayer, Bristol Myers Squibb (BMS). As previously reported, in June 2015 BMS announced plans to gradually close their research and development (R&D) facility in Wallingford as they strategically move away from virology R&D, which is performed in Wallingford, and focus on immunology R&D. Operations will be phased out at the facility, with anticipated completion by December 2018. Town officials are working aggressively with BMS and State officials to seek a buyer of this facility, which includes a 180 acre campus. At June 30, 2017 the Town and BMS were negotiating an agreement to reduce the parcel to a new fair market value in response to an appeal by BMS to the State of Connecticut Superior Court. This may lead to a large reduction in the assessed value of the BMS property.

Due to these factors, we anticipate only modest growth, or even slight decline in future Grand Lists of taxable property.

In such challenging financial times, economic development efforts are vital to retain current businesses and attract new ones. A primary goal of the Town is to maintain and expand a diversified industrial and commercial tax base. The Town heavily promotes its five office and industrial parks and the Interchange Zone. The office and industrial parks primarily house small to mid-sized manufacturers in a wide array of industries. The Interchange Zone, approximately 360 acres located at the intersection of Interstate 91 and State Route 68, is zoned for development of office parks, research and development centers and hotels.

The Town also utilizes a tax incentive program to lure new businesses into these areas. This program abates 20% of real estate taxes for seven years for companies that relocate to these areas and construct at least 60,000 square feet of new facilities costing \$12 million or more.

The following summarizes the major results of these efforts during fiscal 2016/2017:

- Hilton Garden Inn completed construction and renovations on a 139 room hotel facility that had been abandoned several years ago by another hotel developer. This added approximately \$12 million of value to the Grand List.
- Infra-Metals constructed a 43,560 square foot addition to its facility, adding over \$2 million to the Grand List.
- B.O.B. Entertainment renovated a former warehouse adding \$566,000 to the Grand List.

In addition, the following residential construction activity occurred during fiscal 2016/2017:

- Construction continued on the Simpson Village Condominium Project, which will comprise 25 townhouse units. This age 55 or older occupancy development should be completed in fiscal 2017/2018.
- Construction continued on subdivision developments Knollwood Place (6 units) and Rainah Estates (5 units) in fiscal 2016/2017. The sales price range for these single family houses is \$300,000 to \$430,000.
- Construction began on the 14 unit Townhouses at 404 Main complex and 13 unit Royal Oak Lane subdivision in 2016/2017.

State Route 5 is a large retail and commercial hub. Economic activity along this major artery remains very stable, as several retailers, restaurants and other commercial enterprises constructed new buildings or completed renovation of existing ones in fiscal 2016/2017. These included a Chick-Fil-A and Panera Bread restaurants, and a new used car dealership.

Employment diversification is demonstrated by Wallingford's major employers ranging from medical research and development facilities, private hospitals and schools, specialty steel manufacturers, health insurance service facilities, plastic and resin manufacturers, mobile communication operation centers, warehouse and distribution centers, retail stores and diagnostic laboratories.

Long-term Financial Planning

Capital Improvement Plan

The Town, through ordinance, established a Capital Non-Recurring Fund to accumulate funds to finance its six-year capital improvement plan. This ordinance allows for funds to be raised for financing these activities from annual P.I.L.O.T. contributions from the Town's Electric Division, General Fund appropriation, Federal and State grant offsets and bonding. The Town, however, has avoided bonding these projects for the last 16 years to maintain a low level of debt service. Projects included in the six-year capital plan are primarily major reconstruction or rehabilitation of roads, sidewalks, bridges and culverts; and open space purchases.

During fiscal year 2016/2017, the Town expended approximately \$2.2 million of Capital Non-Recurring funds, primarily for rehabilitation of several local streets and sidewalks projects.

Planning for One Time Revenue Distribution

The Town received total distributions of approximately \$13 million from the Connecticut Resource Recovery Authority (CRRRA) over the last eight fiscal years. The CRRRA, a public instrumentality of the State of Connecticut, had leased the Town-owned landfill since 1988 as part of its mass burn, waste to energy project. In December 2008, Wallingford and the other four other municipal members of this project entered into a new contract for these services, which took effect in July 2010. Each municipal member received its pro-rata distribution of certain tip fee amounts collected and held by the CRRRA since 1988 for various capital and reserve funds. The Town of Wallingford established a Special Revenue Fund to record this financial activity.

During fiscal year 2016/2017 the Town expended \$172 thousand of these funds for capital improvements for Education, \$338 thousand for a Public Works excavator and \$430 thousand for a new Fire Truck/Pumper.

The Town intends to utilize the remaining balance of these funds for capital or emergency needs.

These actions have maintained the Town's past practice of utilizing material one-time revenue sources such as this for capital, non-recurring needs that will provide long-term benefit to its citizens and reduce the need to incur debt for these expenditures.

Major Initiatives

The Town completed construction on the new North Farms Fire Station, which resides in the northeast section of town on the 11 acre parcel purchased five years ago. The project costs were approximately \$4.6 million.

The Town expended \$528 million on Phases I and II of the Board of Education Capital Improvement Program, to replace cafeteria ovens at five schools, replace sewer plumbing at two schools and design for reconstruction of the auditoriums at both middle and high schools and window replacements at four schools.

The Town expended \$300 thousand to complete the running track and athletic field at Lyman Hall High School. This project to replace the original six lane track with an eight lane one and the sod field with synthetic turf began last fiscal year and totaled \$2.270 million.

The Town expended \$154 thousand on the on-going plan and began construction of Phase III of the Quinnipiac River Linear Trail Project. This extends this linear park to the Yalesville section of Town.

Cash Management

State of Connecticut General Statutes promulgate the allowable investment products for municipal funds. The Department of Finance is responsible for the treasury function and utilizes a short-term cash management approach. The three main objectives of the Town's operating cash policy are safety of principal; liquidity; and rate of return. Available cash is invested on a daily basis in certificates of deposit ranging from 7 to 200 days, municipal money market accounts and other products allowed by State law. Derivatives and highly leveraged investments are not utilized for operating cash management purposes because of their unacceptable exposure to risk.

Consolidated Pension Plan

The Town is responsible for the administration of a single employer, contributory, defined benefit consolidated pension plan covering virtually all full-time Town employees and noncertified members of the Board of Education (certified teachers are covered by the Connecticut State Teachers Retirement Board).

A six member Pension Commission, consisting of the Comptroller, Treasurer, Personnel Director and three mayoral appointees who must have experience in finance and investing, oversees the investment of pension funds in accordance with the Town Charter. The Commission employs an independent investment consultant to assist selecting investment options and measure performance. The Commission utilizes an adopted Investment Policy Statement and attempts to keep 60% of their portfolio invested in equities and 40% in fixed income products. This investment strategy is expected to generate long-term steady growth. Performance is compared to appropriate benchmarks. The equity portfolio is positioned to have a risk level below market levels. The Commission meets quarterly with its consultant to review performance and as needed to address other pertinent issues related to the pension fund assets.

Volunteer Firefighters' Plan

The Town implemented a Length of Service Award Program (the Plan) for the exclusive benefit of its volunteer firefighters. The Plan was adopted in accordance with provisions of Connecticut General Statutes and became effective January 1, 1992. The reader's attention is directed to the Notes to Financial Statements in the Financial Section of this report for full disclosure of this plan.

Risk Management and Insurance

The Risk Management Office, a unit of the Department of Personnel and Pensions, administers the property and casualty insurance programs, and the workers' compensation benefits program. A professional risk manager supervises this function. In addition, the Town has retained an experienced risk management-oriented broker/agent to serve as a consultant to the Town.

The Town is self-insured for worker's compensation claims. A professional third party administrator investigates claims and processes them for payment. Weekly disability and medical benefit payments and specific awards granted by the state Worker's Compensation Commission are budgeted annually.

The Town is self-insured for employee health claims and costs. A professional third party administrator processes claims, reports financial activity, monitors costs and trends, and prepares analyses for annual budget purposes. The Town procures the service of a professional consulting firm to assist in this function.

The Town procures insurance policies with commercial insurance companies to protect itself against various property and liability exposures such as general liability, property damage and errors and omissions.

Debt Administration

The Town utilizes a combination of self-financing and issuance of general obligation bonds when planning and implementing major improvements and managing its debt position. The full faith and credit of the Town support all bonded debt. Bonds are used to finance only large-scale permanent improvements, such as schools, public libraries and public safety facilities. The Town does not issue bonds for operating costs or replacement equipment.

General obligation bonds are also issued to finance major capital improvements to the Town's three utility systems. The principal and interest on these bonds are completely supported by the respective utility rate and additionally are backed by the full faith and credit of the Town.

Debt administration is guided by the following significant financial practices: maintain steady debt service funding as existing issues mature, provide additional or level funding in each successive fiscal year, maintain rapid retirement schedules for new debt, avoid entering the short term market by utilizing the Town's favorable cash position and self-finance at least a portion of each project's cost to reduce debt issuance. The Town's favorable cash position has enabled it to avoid short term borrowing since 1984.

The Town sold no bonds or notes during fiscal year 2016/2017. Last year, 2015/2016, the Town sold \$11 million of refunding bonds and \$11.3 million of general obligation bonds. The Town was successful in maintaining its Aaa credit rating from Moody's Investor Service for these transactions. See the accompanying Notes to the Financial Statements for details of these transactions.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Wallingford for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The June 30, 2016 CAFR was determined to be easily readable, efficiently organized and in compliance with generally accepted accounting principles and legal requirements in order to be awarded this designation by the GFOA.

The preparation of this report could not have been accomplished without the professional and dedicated services of the management and staff of the Department of Finance, especially Deputy Comptroller Tim Sena, as well as members of other departments who provided information to assist in its compilation. I hereby express my sincere appreciation to all of you.

I extend my sincere appreciation to Mayor Dickinson for his consistent approach in conducting the financial operations of the community in a professional and prudent manner and maintaining a long-term financial position outlook in fiscal decision making. I also thank the Mayor and Town Council members for their support of the financial function of the Town and for conducting the financial operations of the Town in a responsible manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James M. Bowes", written in a cursive style.

James M. Bowes,
Comptroller

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To Members of Town Council
Town of Wallingford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Wallingford, Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Wallingford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Wallingford, Connecticut, as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 66 through 72 and the pension schedules on pages 73 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wallingford, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Town of Wallingford, Connecticut, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 19, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2017 on our consideration of the Town of Wallingford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Wallingford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wallingford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 26, 2017

**TOWN OF WALLINGFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2017**

This discussion and analysis of the Town of Wallingford, Connecticut's (the Town) financial performance is offered by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- The Town's total net position decreased as a result of this year's operations by \$1.4 million, a decrease of .45% from last year.
- During the year, the Town had Governmental activity expenditures exceed revenues by \$4.4 million (including transfers). Revenues for the Town's Business-type activities were \$3 million more than expenditures (including transfers).
- Total cost of all of the Town's programs was \$275.7 million, an increase of 3.3% from last year, most of which was for the education expenditures.
- The General Fund reported a total fund balance this year of \$27.8 million, which includes \$18.7 million 'Unassigned' and available for future use.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins with Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town is divided into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, health and social services, parks and recreation and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Electric Fund, Water Fund, Sewer Fund and EMS Transport Fund are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (like the capital projects funds) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the State of Connecticut's Department of Education). The Town's funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

- The Town's combined net position decreased from \$317.4 million to \$316 million. This was primarily due to retirement of capital assets in the Governmental activity funds exceeding capital asset purchases. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**TABLE 1
NET POSITION
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 62,775	\$ 69,206	\$ 68,167	\$ 64,915	\$ 130,942	\$ 134,121
Capital assets	241,001	244,815	101,193	102,334	342,194	347,149
Total assets	<u>303,776</u>	<u>314,021</u>	<u>169,360</u>	<u>167,249</u>	<u>473,136</u>	<u>481,270</u>
Deferred outflows of resources	<u>6,363</u>	<u>13,024</u>	<u>1,353</u>	<u>3,893</u>	<u>7,716</u>	<u>16,917</u>
Long-term debt outstanding	111,947	122,169	19,473	22,718	131,420	144,887
Other liabilities	<u>10,743</u>	<u>14,350</u>	<u>12,010</u>	<u>12,095</u>	<u>22,753</u>	<u>26,445</u>
Total liabilities	<u>122,690</u>	<u>136,519</u>	<u>31,483</u>	<u>34,813</u>	<u>154,173</u>	<u>171,332</u>
Deferred inflows of resources	<u>10,542</u>	<u>9,201</u>	<u>176</u>	<u>250</u>	<u>10,718</u>	<u>9,451</u>
Net Position:						
Net investments in capital assets	208,663	208,853	97,293	97,908	305,956	306,761
Restricted	1,465	1,417	515	608	1,980	2,025
Unrestricted	<u>(33,221)</u>	<u>(28,945)</u>	<u>41,246</u>	<u>37,563</u>	<u>8,025</u>	<u>8,618</u>
Total Net Position	<u>\$ 176,907</u>	<u>\$ 181,325</u>	<u>\$ 139,054</u>	<u>\$ 136,079</u>	<u>\$ 315,961</u>	<u>\$ 317,404</u>

**TABLE 2
CHANGES IN NET POSITION
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 7,191	\$ 6,634	\$ 86,463	\$ 86,838	\$ 93,654	\$ 93,472
Operating grants and contributions	48,390	41,599			48,390	41,599
Capital grants and contributions	2,675	4,228	342	762	3,017	4,990
General revenues:						
Property taxes	118,474	118,771			118,474	118,771
Grants and contributions not restricted to specific purposes	6,455	5,714			6,455	5,714
Unrestricted investment earnings	296	187	366	225	662	412
Other general revenues	2,370	243	1,219	1,173	3,589	1,416
Total revenues	<u>185,851</u>	<u>177,376</u>	<u>88,390</u>	<u>88,998</u>	<u>274,241</u>	<u>266,374</u>
Program expenses:						
General government	25,590	24,766			25,590	24,766
Public safety	17,873	12,961			17,873	12,961
Public works	10,279	9,316			10,279	9,316
Health and social services	2,782	2,515			2,782	2,515
Parks and recreation	2,339	2,433			2,339	2,433
Education	132,065	120,828			132,065	120,828
Interest on long-term debt	1,034	1,140			1,034	1,140
Electric			68,136	73,788	68,136	73,788
Water			6,805	9,032	6,805	9,032
Sewer			7,354	8,157	7,354	8,157
EMS Transport			1,427	1,721	1,427	1,721
Total expenses	<u>191,962</u>	<u>173,959</u>	<u>83,722</u>	<u>92,698</u>	<u>275,684</u>	<u>266,657</u>
Change in net position before transfers	(6,111)	3,417	4,668	(3,700)	(1,443)	(283)
Transfers	<u>1,693</u>	<u>1,673</u>	<u>(1,693)</u>	<u>(1,673)</u>	<u>-</u>	<u>-</u>
Change in net position	(4,418)	5,090	2,975	(5,373)	(1,443)	(283)
Net Position at Beginning of Year	<u>181,325</u>	<u>176,235</u>	<u>136,079</u>	<u>141,452</u>	<u>317,404</u>	<u>317,687</u>
Net Position at End of Year	<u>\$ 176,907</u>	<u>\$ 181,325</u>	<u>\$ 139,054</u>	<u>\$ 136,079</u>	<u>\$ 315,961</u>	<u>\$ 317,404</u>

The net position of the Town's governmental activities decreased by \$4.4 million, from \$181.3 million to \$176.9 million. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased by \$4.3 million, from (\$28.9) million to (\$33.2) million. This was primarily due to expenditures for capital items in this fiscal year which will be bonded next fiscal year.

The net position of the Town's business-type activities increased by \$3 million from \$136 million to \$139 million due to lower costs associated with fringe benefits for future pension liability accrual.

The Town's total revenues (excluding transfers) were \$274.2 million. The total cost of all programs and services was \$275.7 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities decreased the Town's net position by \$4.4 million. Revenues of the Town's total governmental activities increased \$8.5 million in 2017, \$185.9 million compared to \$177.4 million. An increase of approximately \$9 million by the State on behalf of certified personnel into the Connecticut State Teachers Retirement System (CTRS) plus \$1 million grant revenue for the Quinnipiac River Linear Trail project offset most of the increased cost of \$12 million for education purposes (including the State payment into the CTRS mentioned above). Despite this decrease, budgetary conservatism allowed the Town to provide services consistent with previous years' levels. The other primary cause of the increase in program expenditures from last year, \$192 million in 2017 vs \$174 million in 2016, are higher wages and fringe benefit costs for general government and school operations.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, health and social services, and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General government	\$ 25,590	\$ 24,766	\$ 24,749	\$ 22,583
Public safety	17,873	12,961	15,935	11,693
Public works	10,279	9,316	8,570	6,485
Health and social services	2,782	2,515	1,533	1,712
Education	132,065	120,828	80,537	76,422
All others	3,373	3,573	2,382	2,603
Total	<u>\$ 191,962</u>	<u>\$ 173,959</u>	<u>\$ 133,706</u>	<u>\$ 121,498</u>

Business-Type Activities

Business-type activities increased the Town's net position by \$3 million, primarily due to lower purchased power costs in the Town's Electric Division.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

At June 30, 2017 the Town's governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$33.4 million, which is a decrease of \$2.2 million from last year's total of \$35.6 million, mostly due to Capital Projects Fund expenditures that will be financed with bonds in fiscal 2017/2018.

Also included in this year's total change in fund balance is a decrease of \$1.4 million in the Town's General Fund. The primary reasons for the General Fund's increase mirror the General Fund activities analysis highlighted in RSI-1 and RSI-2.

General Fund Budgetary Highlights

The following were the primary General Fund revenue budget variances:

The Town received \$1.8 million more from current levy tax collections primarily due to actual collections approximately 1% higher than budgeted. This was vital in offsetting collecting \$1.3 million less in various State grants which were reduced after the Town's budget was adopted, including \$572 thousand less for the Education Cost Sharing grant.

The larger General Fund expenditure budget variances were in the following areas:

The Town's pension contributions were \$385 thousand less than budgeted, primarily due to employee retirements exceeding the Town's expectations and the time lag in replacing them.

Public Safety expenditures were \$730 thousand below budget due primarily to \$468 thousand less in Police and Fire wages, due to the time lag in replacing employees who retired or resigned during the year.

Public Works expenditures were \$536 thousand below budget due primarily to \$194 thousand less in Public Works Department operating accounts due to lower than anticipated snow removal costs due to a milder winter and \$136 thousand of capital equipment unspent at year end and approved as appropriations-in-force and designated as part of the Committed General Fund Balance at June 30, 2017.

Education expenditures were \$752 thousand less than budgeted. This amount, however, was approved as an appropriation-in-force and is reported as part of Committed General Fund Balance at June 30, 2017.

There were no significant expenditure budget line items that required additional funding during the year.

The final amended expenditure budget was \$2 million higher than the original budget. As noted above \$1.5 million of this was for capital items approved as appropriations-in-force from prior fiscal years budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the Town had \$342.2 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and electric, water and sewer utility plant and transmission and distribution lines – see Table 4. This amount represents a net decrease (including additions, deductions and depreciation) of \$5 million or 1.4% less than last year. The Town's administration views this as a moderate decrease and sufficient to meet the Town's needs, balanced with the economic times.

TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and land improvements	\$ 36,934	\$ 34,386	\$ 746	\$ 746	\$ 37,680	\$ 35,132
Buildings, utility plant and improvements	163,750	163,859	32,797	34,199	196,547	198,058
Vehicles, machinery and equipment	3,720	3,601	10,752	10,613	14,472	14,214
Infrastructure	28,046	28,784	56,898	56,776	84,944	85,560
Construction in progress	8,551	14,185			8,551	14,185
Total	\$ <u>241,001</u>	\$ <u>244,815</u>	\$ <u>101,193</u>	\$ <u>102,334</u>	\$ <u>342,194</u>	\$ <u>347,149</u>

This year's major capital additions included:

Public Works Excavator-Machinery/Equipment	\$338 thousand
North Farms Fire House - Construction	\$458 thousand

The Town's fiscal year 2017/2018 budget calls for spending \$1.8 million for capital projects, principally for road reconstruction. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2017 the Town had \$34.8 million in bonds and serial notes outstanding versus \$38.7 million last year, - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds and State of Connecticut serial notes (backed by the Town)	\$ <u>30.9</u>	\$ <u>34.3</u>	\$ <u>3.9</u>	\$ <u>4.4</u>	\$ <u>34.8</u>	\$ <u>38.7</u>

The Town sold no bonds or notes during fiscal year ended June 30, 2017. The Town maintained its Aaa rating by Moody's Investor Service during last year's sales of \$11.3 million of new general obligation bonds and \$11 million of general obligation refunding bonds. See Note 7 to the Financial Statements for more detailed information.

State statutes limit the amount of general obligation debt a governmental entity may issue to up to seven times its annual receipts from taxation. The current debt limitation for the Town of Wallingford is \$835.6 million. The Town's outstanding general obligation debt is significantly below this limitation.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The major concern of the Town's elected and appointed officials when considering the fiscal year 2017/2018 budget was the continuing decline of economic growth in the State of Connecticut. This has resulted in multi-billion dollar State budget deficits, which will negatively impact State grant revenue to the Town as part of the State's expenditure reductions. In addition, large scale corporate departures from the State will add to this continuing economic lag and have a negative effect on the local town economy and the taxable Grand List. The following factors indicate that the lack of robust economic growth:

- Revenue from construction and real estate sale activity, which began declining sharply beginning in late calendar 2008, has only improved slightly.
- Commercial and industrial businesses have continued to curtail capital spending for taxable assets.
- The State of Connecticut's bleak financial situation has resulted in approximately \$4 million in cuts to the Town's grants for fiscal year end 2017/2018.
- The Town will weigh the effect of the gradual withdrawal of its largest taxpayer, Bristol Myers Squibb (as noted in the accompanying Letter of Transmittal) on the Town's ability to provide all of the services requested.

When setting the fiscal year 2017/2018 budgets, tax rate and fees charged for business-type activities, the Town's elected and appointed officials considered the aforementioned economic factors as well as the public's need for services. The Town administration instructed departmental heads to keep 2017/2018 budget requests at or below their 2016/2017 levels, in order to not increase the financial burden on citizens and businesses during this time of economic uncertainty.

The Town adopted a General Fund budget that contains conservative revenue forecasts as follows:

- Utilized an estimated tax collection rate of 97.5%, in recognition of the unemployment rate of homeowners who may fall delinquent on taxes.
- Utilized conservative estimates in projecting department revenue generated by building and real estate sale activities, as these tend to be very dependent on a strong economy.
- The Town will continue to work with its State assembly delegation and municipal cooperative organizations to minimize reductions in State aid and make necessary budget decisions if State grants are reduced.

The Town adopted expenditure budgets attempting to maintain services with no new programs or initiatives. Some of the major highlights of these efforts are:

- No amounts were budgeted for twelve open positions in the General Government: three in Public Works, five in the Comptroller's office and five in the Police Department. These positions were vacated by retired employees and will probably remain unfilled until the economy recovers.

- Most part time positions in the General Government, which were eliminated over the last several years, remain unfilled and excluded from the budget.
- Major capital items were reduced from General Fund budgets for consideration of funding from the distribution from the C.R.R.A. trash to energy project, which is recorded as a Special Revenue Fund.

The taxable Grand List of October 1, 2016 declined slightly, .65%, from the previous year. An increase of approximately 2.4% in the property tax rate to 28.55 mills and an additional \$3 million in Fund Balance was budgeted to meet expenditures for fiscal year 2017/2018. The Town will use the increased revenues to finance programs currently offered.

The total adopted General Fund expenditure budget for fiscal year 2017/2018 increased \$1.8 million, or 1.1% higher than the fiscal year 2016/2017, net of the effect of recording the Ambulance Fund activities (formerly an Enterprise Fund) in the General Fund. The General Government budget was approximately the same as last year. The Board of Education budget increased \$1.9 million, or 1.8%, mostly due to increases in wages and health insurance estimates.

As for the Town's business-type activities, the Electric Division operating budget reflects an increase of \$5.8 million due to higher anticipated cost of power purchases. The Town maintained its base electric rates for the fiscal year 2017/2018 budget. Wallingford Electric Division rates remain among the lowest in New England. The Water Division operating expense budget remained about the same as 2016/2017, decreasing by .73%, requiring no rate increase. The Sewer Division operating expense budget decreased by 3.6% and needed no rate increase.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Comptroller, 45 South Main Street, Wallingford, Connecticut 06492.

Basic Financial Statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 56,786	\$ 12,648	\$ 69,434
Investments		40,690	40,690
Receivables, net	5,800	13,035	18,835
Due from pension trust	4		4
Inventory		1,468	1,468
Other assets	185	326	511
Capital assets:			
Assets not being depreciated	40,866	746	41,612
Assets being depreciated, net	200,135	100,447	300,582
Total assets	<u>303,776</u>	<u>169,360</u>	<u>473,136</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	892		892
Deferred outflows related to pension	5,471	1,353	6,824
Total deferred outflows of resources	<u>6,363</u>	<u>1,353</u>	<u>7,716</u>
Liabilities:			
Accounts payable and accrued expenses	8,674	9,326	18,000
Internal balances	1,022	(1,022)	-
Customer deposits		3,706	3,706
Unearned revenue	588		588
Other liabilities	1,481		1,481
Noncurrent liabilities:			
Due within one year	6,207	1,294	7,501
Due in more than one year	104,718	18,179	122,897
Total liabilities	<u>122,690</u>	<u>31,483</u>	<u>154,173</u>
Deferred Inflows of Resources:			
Advanced property tax collections	9,917		9,917
Deferred inflows related to pension	625	176	801
Total deferred inflows of resources	<u>10,542</u>	<u>176</u>	<u>10,718</u>
Net Position:			
Net investment in capital assets	208,663	97,293	305,956
Restricted for conservation programs		515	515
Restricted for trust purposes:			
Expendable	72		72
Nonexpendable	1,393		1,393
Unrestricted	(33,221)	41,246	8,025
Total Net Position	<u>\$ 176,907</u>	<u>\$ 139,054</u>	<u>\$ 315,961</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General government	\$ 25,590	\$ 836	\$ 5	\$	(24,749)	\$ (24,749)
Public safety	17,873	1,780	110	48	(15,935)	(15,935)
Public works	10,279	13		1,696	(8,570)	(8,570)
Health and social services	2,782	20	1,229		(1,533)	(1,533)
Parks and recreation	2,339	991			(1,348)	(1,348)
Education	132,065	3,551	47,046	931	(80,537)	(80,537)
Interest on long-term debt	1,034				(1,034)	(1,034)
Total governmental activities	<u>191,962</u>	<u>7,191</u>	<u>48,390</u>	<u>2,675</u>	<u>(133,706)</u>	<u>(133,706)</u>
Business-type activities:						
Electric	68,136	69,141			1,005	1,005
Water	6,805	8,028		312	1,535	1,535
Sewer	7,354	7,162		30	(162)	(162)
EMS Transport	1,427	2,132			705	705
Total business-type activities	<u>83,722</u>	<u>86,463</u>	<u>-</u>	<u>342</u>	<u>3,083</u>	<u>3,083</u>
Total	<u>\$ 275,684</u>	<u>\$ 93,654</u>	<u>\$ 48,390</u>	<u>\$ 3,017</u>	<u>(133,706)</u>	<u>(130,623)</u>
General revenues:						
Property taxes					118,474	118,474
Grants and contributions not restricted to specific programs					6,455	6,455
Unrestricted investment earnings					296	662
Miscellaneous					2,370	3,589
Total general revenues					<u>127,595</u>	<u>129,180</u>
Transfers					1,693	(1,693)
Change in net position					(4,418)	(1,443)
Net Position, Beginning of Year					181,325	317,404
Net Position, End of Year					<u>\$ 176,907</u>	<u>\$ 315,961</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WALLINGFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017
(In Thousands)**

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 52,960	\$	\$ 3,824	\$ 56,784
Receivables, net	4,591		1,037	5,628
Due from other funds	11,009	6,379	8,036	25,424
Inventory			23	23
Prepaid items	143		18	161
Total Assets	<u>\$ 68,703</u>	<u>\$ 6,379</u>	<u>\$ 12,938</u>	<u>\$ 88,020</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 4,088	\$ 87	\$ 743	\$ 4,918
Due to other funds	22,690		11,005	33,695
Unearned revenue	184		404	588
Other liabilities			1,481	1,481
Total liabilities	<u>26,962</u>	<u>87</u>	<u>13,633</u>	<u>40,682</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	3,994			3,994
Advanced property tax collections	9,917			9,917
Total deferred inflows of resources	<u>13,911</u>	<u>-</u>	<u>-</u>	<u>13,911</u>
Fund balances:				
Nonspendable	143		1,434	1,577
Restricted			844	844
Committed	1,693	6,292	7,278	15,263
Assigned	7,335			7,335
Unassigned	18,659		(10,251)	8,408
Total fund balances	<u>27,830</u>	<u>6,292</u>	<u>(695)</u>	<u>33,427</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 68,703</u>	<u>\$ 6,379</u>	<u>\$ 12,938</u>	<u>\$ 88,020</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017
(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are
different because of the following:

Fund balances - total governmental funds	\$	33,427
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	401,763
Less accumulated depreciation		<u>(160,762)</u>
Net capital assets		241,001
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Property tax receivables greater than 60 days		4,027
Interest receivable on property taxes		(32)
Deferred charges on refunding		892
Deferred outflows related to pension		5,471
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.		
		3,963
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(30,850)
Interest payable on bonds and notes		(292)
Compensated absences		(14,122)
Retired employee obligations		(141)
Premium on refunding bond issuance		(2,380)
Net pension liability		(45,572)
Deferred inflows related to pension		(625)
Net OPEB obligation		<u>(17,860)</u>
Net Position of Governmental Activities (Exhibit I)	\$	<u>176,907</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 118,393	\$	\$	\$ 118,393
Licenses and permits	660			660
Intergovernmental revenues	47,868	929	8,714	57,511
Charges for services	3,243		3,290	6,533
Investment income	290		4	294
Other	1,819	2	550	2,371
Total revenues	<u>172,273</u>	<u>931</u>	<u>12,558</u>	<u>185,762</u>
Expenditures:				
Current:				
General government	24,981		33	25,014
Public safety	16,141		52	16,193
Public works	6,439		1,212	7,651
Health and social services	1,971		756	2,727
Parks and recreation	920		864	1,784
Education	118,204		8,459	126,663
Capital outlay		2,237	2,682	4,919
Debt service	4,693			4,693
Total expenditures	<u>173,349</u>	<u>2,237</u>	<u>14,058</u>	<u>189,644</u>
Excess (deficiency) of revenues over expenditures	<u>(1,076)</u>	<u>(1,306)</u>	<u>(1,500)</u>	<u>(3,882)</u>
Other financing sources (uses):				
Transfers in	1,989	1,890	246	4,125
Transfers out	<u>(2,333)</u>		<u>(99)</u>	<u>(2,432)</u>
Total other financing sources (uses)	<u>(344)</u>	<u>1,890</u>	<u>147</u>	<u>1,693</u>
Net change in fund balances	(1,420)	584	(1,353)	(2,189)
Fund balance, beginning of year	<u>29,250</u>	<u>5,708</u>	<u>658</u>	<u>35,616</u>
Fund Balance, End of Year	<u>\$ 27,830</u>	<u>\$ 6,292</u>	<u>\$ (695)</u>	<u>\$ 33,427</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (2,189)
---	------------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,364
Depreciation expense	(8,169)
Loss on the disposal of assets	(9)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	150
Property tax interest and lien revenue - accrual basis change	(69)
Change in deferred outflows related to pension	(6,562)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	3,460
-------------------------	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	732
Net OPEB obligation	(1,388)
Retired employee obligations	330
Accrued interest	42
Amortization of bond premium	263
Amortization of deferred charge on refunding	(99)
Change in net pension liability	3,973
Change in deferred inflows related to pension	194

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

<u>559</u>

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (4,418)</u>
--	-------------------

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017
(In Thousands)

	Business-Type Activities				Total	Governmental
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Fund EMS Transport Fund		Activities Internal Service
Assets:						
Current assets:						
Cash and cash equivalents	\$ 8,156	\$ 175	\$ 157	\$	\$ 8,488	\$
Restricted cash	3,706	454			4,160	
Receivables, net	7,246	2,243	2,026	1,520	13,035	173
Investments	17,805	10,925	11,960		40,690	
Inventories	1,077	391			1,468	
Due from other funds				1,022	1,022	7,253
Other assets	318		8		326	
Total current assets	<u>38,308</u>	<u>14,188</u>	<u>14,151</u>	<u>2,542</u>	<u>69,189</u>	<u>7,426</u>
Noncurrent assets:						
Capital assets, net	<u>38,946</u>	<u>36,728</u>	<u>25,244</u>	<u>275</u>	<u>101,193</u>	
Total assets	<u>77,254</u>	<u>50,916</u>	<u>39,395</u>	<u>2,817</u>	<u>170,382</u>	<u>7,426</u>
Deferred Outflows of Resources Related to Pension	<u>799</u>	<u>296</u>	<u>258</u>	<u>-</u>	<u>1,353</u>	
Liabilities:						
Current liabilities:						
Accounts payable and accrued expenses	7,863	935	508	20	9,326	1
Bond and notes payable		375	100		475	
Compensated absences	256	328	235		819	
Total	<u>8,119</u>	<u>1,638</u>	<u>843</u>	<u>20</u>	<u>10,620</u>	<u>1</u>
Current liabilities payable from restricted assets:						
Customer deposits payable	3,706				3,706	
Risk management claims					-	3,462
Total	<u>3,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,706</u>	<u>3,462</u>
Total current liabilities	<u>11,825</u>	<u>1,638</u>	<u>843</u>	<u>20</u>	<u>14,326</u>	<u>3,463</u>
Noncurrent liabilities:						
Bond and notes payable		2,715	710		3,425	
Compensated absences	698	400	287		1,385	
Net pension liability	7,817	3,195	2,357		13,369	
Total noncurrent liabilities	<u>8,515</u>	<u>6,310</u>	<u>3,354</u>	<u>-</u>	<u>18,179</u>	<u>-</u>
Total liabilities	<u>20,340</u>	<u>7,948</u>	<u>4,197</u>	<u>20</u>	<u>32,505</u>	<u>3,463</u>
Deferred Inflows of Resources Related to Pension	<u>102</u>	<u>43</u>	<u>31</u>		<u>176</u>	
Net Position:						
Net investment in capital assets	38,946	33,638	24,434	275	97,293	
Restricted for conservation programs	515				515	
Unrestricted	18,150	9,583	10,991	2,522	41,246	3,963
Total Net Position	<u>\$ 57,611</u>	<u>\$ 43,221</u>	<u>\$ 35,425</u>	<u>\$ 2,797</u>	<u>\$ 139,054</u>	<u>\$ 3,963</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Business-Type Activities				Total	Governmental Activities Internal Service
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Fund EMS Transport Fund		
Operating revenues:						
Operations	\$ 68,611	\$ 7,932	\$ 6,920	\$ 2,132	\$ 85,595	\$
Fund premiums						26,816
Other	530	96	242		868	
Total operating revenues	<u>69,141</u>	<u>8,028</u>	<u>7,162</u>	<u>2,132</u>	<u>86,463</u>	<u>26,816</u>
Operating expenses:						
Operations	62,640	4,880	5,293	1,302	74,115	
Depreciation	3,458	1,821	2,042	125	7,446	
Gross earnings and property taxes	1,908				1,908	
Employee benefits						23,938
Other	100				100	2,319
Total operating expenses	<u>68,106</u>	<u>6,701</u>	<u>7,335</u>	<u>1,427</u>	<u>83,569</u>	<u>26,257</u>
Operating income (loss)	<u>1,035</u>	<u>1,327</u>	<u>(173)</u>	<u>705</u>	<u>2,894</u>	<u>559</u>
Nonoperating income (loss):						
Lease income	1,077	142			1,219	
Gain on disposal of capital assets	(20)				(20)	
Interest and amortization expense		(104)	(19)		(123)	
Interest on customer deposits	(10)				(10)	
Investment and interest income	110	118	138		366	
Total nonoperating income	<u>1,157</u>	<u>156</u>	<u>119</u>		<u>1,432</u>	
Net income (loss) before contributions and transfers	2,192	1,483	(54)	705	4,326	559
Capital grants and contributions		312	30		342	
Transfers in				197	197	
Transfer out	(1,890)				(1,890)	
Change in net position	302	1,795	(24)	902	2,975	559
Total net position, beginning of year	<u>57,309</u>	<u>41,426</u>	<u>35,449</u>	<u>1,895</u>	<u>136,079</u>	<u>3,404</u>
Total Net Position, End of Year	<u>\$ 57,611</u>	<u>\$ 43,221</u>	<u>\$ 35,425</u>	<u>\$ 2,797</u>	<u>\$ 139,054</u>	<u>\$ 3,963</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Business-Type Activities					Governmental
	Electric Fund	Water Fund	Sewer Fund	Nonmajor Fund	Total	Internal Service
				EMS Transport Fund		
Cash flows from operating activities:						
Cash received from operations	\$ 70,206	\$ 8,107	\$ 7,344	\$ 1,964	\$ 87,621	\$ 26,078
Cash payments to vendors and other	(58,030)	(3,291)	(2,895)	(793)	(65,009)	(26,078)
Cash payments to employees	(5,360)	(2,527)	(2,072)	(1,326)	(11,285)	
Net cash provided by (used in) operating activities	6,816	2,289	2,377	(155)	11,327	-
Cash flows from capital and related financing activities:						
Lease income	1,077	142			1,219	
Capital grants		312	30		342	
Purchase of capital assets	(3,604)	(1,180)	(1,553)	(42)	(6,379)	
Proceeds from the sale of capital assets	54				54	
Principal payment on bonds and notes		(360)	(166)		(526)	
Interest paid on bonds and notes		(104)	(19)		(123)	
Net cash provided by (used in) capital and related financing activities	(2,473)	(1,190)	(1,708)	(42)	(5,413)	-
Cash flows from noncapital financing activities:						
Customer deposits	(10)				(10)	
Transfers (to) from other funds and agencies	(1,890)			197	(1,693)	
Net cash provided by (used in) provided by noncapital and related financing activities	(1,900)	-	-	197	(1,703)	-
Cash flows from investing activities:						
Purchases of investments	(3,215)	(1,570)	(960)		(5,745)	
Income on investments and interest	110	118	138		366	
Net cash provided by (used in) investing activities	(3,105)	(1,452)	(822)	-	(5,379)	-
Net increase (decrease) in cash and cash equivalents	(662)	(353)	(153)		(1,168)	-
Cash and cash equivalents, beginning of year	12,524	982	310		13,816	-
Cash and Cash Equivalents, End of Year	\$ 11,862	\$ 629	\$ 157	\$ -	\$ 12,648	\$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 1,035	\$ 1,327	\$ (173)	\$ 705	\$ 2,894	\$ 559
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	3,458	1,821	2,042	125	7,446	
(Increase) decrease in receivables and unbilled revenue	1,065	79	182	(168)	1,158	27
(Increase) decrease in due from other funds				(432)	(432)	(765)
(Increase) decrease in inventory	(112)	(21)			(133)	
(Increase) decrease in deferred charges and other assets	300				300	
Increase (decrease) in accounts payable and accrued expenses	985	(609)	5	(5)	376	179
Increase (decrease) in net pension liability	(1,272)	(1,005)	20	(491)	(2,748)	
(Increase) decrease in deferred outflows of resources	1,396	719	306	119	2,540	
Increase (decrease) in deferred inflows of resources	(39)	(22)	(5)	(8)	(74)	
Total adjustments	5,781	962	2,550	(860)	8,433	(559)
Net Cash Provided by (Used in) Operating Activities	\$ 6,816	\$ 2,289	\$ 2,377	\$ (155)	\$ 11,327	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017
(In Thousands)

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 1,005	\$ 983
Investments:		
Mutual funds	193,044	
Certificates of deposit		70
Due from other funds		
Total assets	<u>194,049</u>	<u>\$ 1,053</u>
Liabilities:		
Accounts and other payables	15	\$
Due to other funds	4	
Due to student groups and agencies		<u>1,053</u>
Total liabilities	<u>19</u>	<u>\$ 1,053</u>
Net Position:		
Restricted for Pensions	<u>\$ 194,030</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 8,682
Plan members	<u>2,797</u>
Total contributions	<u>11,479</u>
Investment income (loss):	
Net change in fair value of investments	19,553
Interest and dividends	3,719
Other income	80
Investment fee expense	<u>(24)</u>
Net investment income (loss)	<u>23,328</u>
Total additions	<u>34,807</u>
Deductions:	
Benefits	13,876
Refunds of contributions	152
Administration	<u>97</u>
Total deductions	<u>14,125</u>
Change in net position	20,682
Net position restricted for pensions, beginning of year	<u>173,348</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 194,030</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Wallingford, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town was incorporated in May 1670 under the provisions of the State of Connecticut General Assembly. It operates under a Mayor-Council form of government and provides services as authorized by its charter including public safety (police and fire), sanitation, health, recreation, social services, libraries, education, planning and zoning and general administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements where appropriate. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for Agency Funds, which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Capital and Nonrecurring Fund* accounts for the resources accumulated and expenditures made for the construction of capital facilities and other capital improvements and equipment purchases.

The Town reports the following major proprietary funds:

The *Sewer Fund* accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems.

The *Water Fund* accounts for the activities of the water plant, the collection system, the storage facilities and the pumping system.

The *Electric Fund* accounts for the activities of the Town's electric distribution operations.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for the health benefits and risk management activities of the Town.

The *Pension Trust Fund* accounts for the activities of the Consolidated Pension Fund and the Volunteer Firefighters Pension Fund, which accumulates resources for pension benefit payments to qualified participants.

The *Agency Fund* accounts for monies held on behalf of students and amounts held for performance based activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. The Town is not a part of any overlapping government that assesses separate property taxes. An amount of \$759 has been established as an allowance for uncollected taxes. At June 30, 2017, this represents 18.0% of property taxes receivable.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value rather than estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(amounts expressed in thousands)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. The Town also reports deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specified payment rates established by contract, regulation or policy. Accumulated vacation and sick time is recognized as a liability of the Town in the statement of net position.

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Net OPEB Obligation

The net OPEB obligation represents the cumulative difference between the annual pension/OPEB cost and the Town's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets and/or noncurrent liabilities, accordingly, in the government-wide financial statements.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investments in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investments in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). A fund balance commitment is established, modified and/or rescinded by ordinance.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Town Council or the Comptroller, as they have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

The Town does not have a minimum fund balance policy. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

N. Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Departmental managers submit their budgets to the finance department 120 days prior to year-end for the fiscal year commencing the following July 1. Thirty days later, the Mayor and Comptroller present the proposed operating budget to the Town Council. The operating budget includes proposed expenditures and the means of financing them. The Town Council holds a public hearing to obtain taxpayer comments, and the budget is legally adopted through passage of an ordinance prior to June 1. The enterprise funds are also under the same budgetary control.

Supplemental budget appropriations must be adopted by the Town Council. During the fiscal year ended June 30, 2017, there were General Fund supplemental budget appropriations totaling \$522. This amount was offset by increased adopted revenue sources totaling \$522.

In the General Fund, capital purchase appropriations in force of \$1,517 were carried forward from prior years.

The annual budget is approved at the line-item level. The Town issues a separately prepared budget report by line item to comply with this legal requirement. Upon approval of the Town Council, transfers from one budgetary line to another, or from contingency accounts, may be made within a department. Transfers between departments can be made upon request of the Mayor and by passage of a resolution by the Council during the last three months of the fiscal year. Appropriations lapse at year-end except appropriations of the capital projects funds, which continue until completion of the applicable project.

The General Fund is the only governmental fund with a legally adopted annual budget.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported in either restricted, committed or assigned fund balance depending on level of restriction and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

B. Deficit Fund Equity

Nonmajor Funds:		
Capital Project Funds:		
School Renovations	\$	2,879 **
Vernon E. Cleaves Vo-ag Center		1,610 **
School Roof Projects		463 **
North Farms Fire Station		4,250 **
BOE Capital Projects		531 **
Lyman Hall Track		265 **
Northford Road		39 **
Center Street Cemetery		192 **
Special Revenue Funds:		
Central Dispatch		4 **
Workers' Compensation Fund		104 *

* Deficit will be funded through receipt of additional program revenues or through transfers from the General Fund.

** Deficit will be funded through permanent financing or through transfers from the General Fund.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net position values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net position values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town's formal deposit policy includes sections regarding qualified institutions, independent ratings, insurance and collateralization of uninsured funds to mitigate custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$52,010 of the Town's bank balance of \$54,026 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 46,634
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,376</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 52,010</u>

Cash Equivalents

At June 30, 2017, the Town's cash equivalents amounted to \$17,715. Cash equivalents consists of certificates of deposits with maturities of 90 days or less.

Investments

As of June 30, 2017, the Town had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
Certificate of deposit	\$ 40,760	<u>\$ 40,690</u>	<u>\$ 70</u>	<u>\$ -</u>
Other investments:				
Mutual funds	<u>193,044</u>			
Total Investments	<u>\$ 233,804</u>			

Balance in certificates of deposit as of June 30, 2017 are unrated.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ 193,044	\$ <u>193,044</u>	\$ <u>-</u>	\$ <u>-</u>
Investments not recorded at fair value:				
Certificate of deposit	<u>40,760</u>			
Total Investments	\$ <u>233,804</u>			

Interest Rate Risk

The Town’s formal investment policy limits short-term investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Short-term investment maturities are allowed to range from seven days to one year. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town’s investment policy further limits its investment choices. Derivatives, leveraged investments, repurchase agreements and reverse repurchase agreements are not used because of the unacceptable exposure to risk from these investment products. The Town does not have any further restrictions other than the State statute governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk

The Town’s investment policy does not restrict investments in any one issuer that is in excess of 5% of the Town’s total investments. The investment policy does limit pooled investments in the management of pension funds; however, no additional restrictions on individual investments are established in the policy.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town’s formal investment policy includes sections regarding safekeeping and custody of investments to mitigate custodial credit risk. At June 30, 2017, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town’s name.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

4. RECEIVABLES

Receivables as of year-end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,354	\$	\$	\$	\$	\$ 4,354
Accrued interest	863				2	865
Intergovernmental					1,035	1,035
Service fees and interest		4,568	387	449	1,520	6,924
Unbilled service fees		2,690	1,762	1,525		5,977
Accounts and other	261	248	94	52	173	828
Gross receivables	<u>5,478</u>	<u>7,506</u>	<u>2,243</u>	<u>2,026</u>	<u>2,730</u>	<u>19,983</u>
Less allowance for uncollectibles:						
Taxes	(784)					(784)
Interest on taxes	(102)					(102)
Service fees		(260)				(260)
Accounts and other	(1)					(1)
Total allowance	<u>(887)</u>	<u>(260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,147)</u>
Net Total Receivables	<u>\$ 4,591</u>	<u>\$ 7,246</u>	<u>\$ 2,243</u>	<u>\$ 2,026</u>	<u>\$ 2,730</u>	<u>\$ 18,836</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 32,315	\$	\$	\$	\$ 32,315
Construction in progress	14,185	(8,725)	3,091		8,551
Total capital assets not being depreciated	<u>46,500</u>	<u>(8,725)</u>	<u>3,091</u>	<u>-</u>	<u>40,866</u>
Capital assets being depreciated:					
Land improvements	6,182	2,918			9,100
Buildings and improvements	254,897	5,807			260,704
Vehicles, machinery and equipment	17,450		1,273	(515)	18,208
Infrastructure	72,885				72,885
Total capital assets being depreciated	<u>351,414</u>	<u>8,725</u>	<u>1,273</u>	<u>(515)</u>	<u>360,897</u>
Less accumulated depreciation for:					
Land improvements	(4,111)		(370)		(4,481)
Buildings and improvements	(91,038)		(5,916)		(96,954)
Vehicles, machinery and equipment	(13,849)		(1,145)	506	(14,488)
Infrastructure	(44,101)		(738)		(44,839)
Total accumulated depreciation	<u>(153,099)</u>	<u>-</u>	<u>(8,169)</u>	<u>506</u>	<u>(160,762)</u>
Total capital assets being depreciated, net	<u>198,315</u>	<u>8,725</u>	<u>(6,896)</u>	<u>(9)</u>	<u>200,135</u>
Governmental Activities Capital Assets, Net	<u>\$ 244,815</u>	<u>\$ -</u>	<u>\$ (3,805)</u>	<u>\$ (9)</u>	<u>\$ 241,001</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 746	\$	\$	\$	\$ 746
Construction in progress					-
Total capital assets not being depreciated	<u>746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>746</u>
Capital assets being depreciated:					
Utility plant	100,082		1,265		101,347
Infrastructure	136,842		3,564	(533)	139,873
Machinery and equipment	37,396		1,548	(258)	38,686
Total capital assets being depreciated	<u>274,320</u>	<u>-</u>	<u>6,377</u>	<u>(791)</u>	<u>279,906</u>
Less accumulated depreciation for:					
Utility plant	(65,883)		(2,667)		(68,550)
Infrastructure	(80,066)		(3,395)	486	(82,975)
Machinery and equipment	(26,783)		(1,384)	233	(27,934)
Total accumulated depreciation	<u>(172,732)</u>	<u>-</u>	<u>(7,446)</u>	<u>719</u>	<u>(179,459)</u>
Total capital assets being depreciated, net	<u>101,588</u>	<u>-</u>	<u>(1,069)</u>	<u>(72)</u>	<u>100,447</u>
Business-Type Activities Capital Assets, Net	<u>\$ 102,334</u>	<u>\$ -</u>	<u>\$ (1,069)</u>	<u>\$ (72)</u>	<u>\$ 101,193</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 160
Public safety	655
Public works	1,188
Parks and recreation	528
Education	<u>5,638</u>
Total Depreciation Expense - Governmental Activities	\$ <u>8,169</u>
Business-type activities:	
Electric	\$ 3,458
Water	1,821
Sewer	2,042
EMS Transport	<u>125</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>7,446</u>

Construction Commitments

The Town has active construction projects as of June 30, 2017. At year end, the projects unexpended authorization available to fund commitments with contractors is as follows:

<u>Description</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2017</u>
School Renovations	\$ 72,367	\$	\$ 72,294	\$ 73
Vernon E. Cleaves Vo-Ag Center	27,808		27,695	113
School Roofs	16,165		15,354	811
North Farms Fire Station	<u>5,902</u>	<u>458</u>	<u>5,532</u>	<u>370</u>
Total	\$ <u>122,242</u>	\$ <u>458</u>	\$ <u>120,875</u>	\$ <u>1,367</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2017 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 11,005
General	Pension Trust Fund	4
Proprietary Funds	General	1,022
Capital and Nonrecurring	General	6,379
Nonmajor Governmental	General	8,036
Internal Service Fund	General	<u>7,253</u>
 Total		 <u>\$ 33,699</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>EMS Transport Fund</u>	<u>Nonmajor Governmental</u>	
Transfers out:					
General Fund	\$	\$ 1,890	\$ 197	\$ 246	\$ 2,333
Nonmajor Governmental	99				99
Electric Fund	<u>1,890</u>				<u>1,890</u>
 Total Transfers In	 <u>\$ 1,989</u>	 <u>\$ 1,890</u>	 <u>\$ 197</u>	 <u>\$ 246</u>	 <u>\$ 4,322</u>

General Fund transfers are made in accordance with budget appropriations. The General Fund transfers to other funds are primarily for the purpose of establishing local funding for capital projects to reduce bonding. The transfer from the Electric Fund to the General Fund represents a payment in lieu of taxes. The General Fund uses the payment in lieu of taxes to fund budgeted transfers to the Capital and Nonrecurring Fund.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

7. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:	\$ 34,310	\$	\$ 3,460	\$ 30,850	\$ 3,455
Plus premiums	<u>2,643</u>		<u>263</u>	<u>2,380</u>	<u>264</u>
Total bonds payable	36,953	-	3,723	33,230	3,719
Accrued compensated absences	14,854	1,418	2,150	14,122	2,454
Retired employee obligations	471	273	603	141	34
Net OPEB obligation	16,472	1,388		17,860	
Net pension liability	49,545		3,973	45,572	
Risk management	<u>3,284</u>	<u>178</u>		<u>3,462</u>	
Total Governmental Activities Long-Term Liabilities	\$ <u>121,579</u>	\$ <u>3,257</u>	\$ <u>10,449</u>	\$ <u>114,387</u>	\$ <u>6,207</u>

All long-term liabilities are generally liquidated by the General Fund.

A schedule of government activities bonds outstanding at June 30, 2017 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2017</u>
General purpose:				
Library and Land Acquisition (2007 & 2008 Refunding)	08/27/15	2.00-5.00%	\$ 6,424	\$ 5,614
Tyler Mill Property Purchase	10/01/15	2.00-4.00%	305	<u>240</u>
Total general purpose				<u>5,854</u>
School:				
Schools	05/15/11	1.75-3.75%	1,440	595
Schools (2003 & 2005 Refunding)	03/15/12	2.00-4.00%	15,190	10,555
Schools (2007 & 2008 Refunding)	08/27/15	2.00-5.00%	4,606	4,081
Schools	10/01/15	2.00-4.00%	10,320	<u>9,765</u>
Total schools				<u>24,996</u>
Total				\$ <u>30,850</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

Annual maturities of bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,455	\$ 1,101	\$ 4,556
2019	3,455	972	4,427
2020	3,455	839	4,294
2021	3,450	709	4,159
2022	3,235	580	3,815
2023-2027	9,570	1,290	10,860
2028-2032	2,390	447	2,837
2033-2037	<u>1,840</u>	<u>113</u>	<u>1,953</u>
Total	<u>\$ 30,850</u>	<u>\$ 6,051</u>	<u>\$ 36,901</u>

Landfill Closure

The Town and four other municipalities entered into a Municipal Solid Waste Delivery and Disposal Contract with Covanta Corporation, which went into effect July 1, 2010, to operate a mass-burn solid waste, resource recovery, steam and electric generation facility located in Wallingford. For the twenty years prior to this, the Connecticut Resource Recovery Authority (CRRRA), a public instrumentality of the State of Connecticut, had leased and operated this facility and the related landfill and established a reserve fund for, and is responsible for, closure and post-closure costs. The Town has no current costs for closure and post-closure care of the landfill.

Business-Type Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 3,515	\$	\$ 425	\$ 3,090	\$ 375
State of Connecticut - serial notes	<u>911</u>	<u></u>	<u>100</u>	<u>811</u>	<u>100</u>
Total bonds and serial notes payable	4,426	-	525	3,901	475
Net pension liability	16,117		2,748	13,369	
Accrued compensated absences	<u>2,175</u>	<u>834</u>	<u>805</u>	<u>2,204</u>	<u>819</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 22,718</u>	<u>\$ 834</u>	<u>\$ 4,078</u>	<u>\$ 19,474</u>	<u>\$ 1,294</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

A schedule of business-type activities bonds and serial notes outstanding at June 30, 2017 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2017</u>
Water Division:				
Water Supply Project Refunding	03/19/2009	2.50-5.00%	\$ 1,550	\$ 300
McKenzie Reservoir	05/15/2011	1.75-3.75%	2,820	2,180
Pistapaug Water Tank	10/15/2015	2.00-4.00%	680	610
Total water obligations				<u>3,090</u>
Sewer Division:				
State of Connecticut Serial Note	8/11/2005	2.00%	1,997	811
Total sewer obligations				<u>811</u>
Total				<u>\$ 3,901</u>

Annual maturities of bonds and serial notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 475	\$ 111	\$ 586
2019	475	99	574
2020	325	85	410
2021	325	77	402
2022	325	69	394
2023-2027	1,346	217	1,563
2028-2032	<u>630</u>	<u>58</u>	<u>688</u>
Total	<u>\$ 3,901</u>	<u>\$ 716</u>	<u>\$ 4,617</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

Bonds Authorized/Unissued

Bonds authorized/unissued for which bonds or notes are outstanding are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonds Issued</u>	<u>Grants Received</u>	<u>Self-Funded</u>	<u>Authorized Unissued</u>
Town-Wide School System Renovations	\$ 72,367	\$ 37,600	\$ 29,867	\$ 1,379	\$ 3,521
Vo-Ag Building Project	27,808	1,245	23,660	110	2,793
School Roof Projects	16,165	7,200	4,645		4,320
Center Street Cemetery Building	340		141		199
North Farms Fire Station	4,625			272	4,353
Lyman Hall H.S. Track & Field	2,270	2,000			270
Northfield Road Bridge	1,000				1,000
Toelles Road Constructions & Bridge	1,000				1,000
School CIP Phase II	3,300				3,300
17/18 CNR	1,839				1,839
Total	\$ 130,714	\$ 48,045	\$ 58,313	\$ 1,761	\$ 22,595

Debt Limitations

The Town's indebtedness does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 266,413	\$ 14,245	\$ 252,168
Schools	532,827	28,482	504,345
Sewers	444,022		444,022
Urban renewal	384,819		384,819
Pension deficit	355,218		355,218

The total of the Town's net statutory indebtedness of \$43,538 does not exceed the legal debt limitation of \$829 million (seven times the base for debt limitation computation).

The net indebtedness excludes water bonds of \$3,090 and sewer bonds of \$811, which are considered to be self-funding.

An estimated 49% or \$35,460 of a Town-wide school system renovation authorization totaling \$72,367 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$29,867, leaving a balance of \$5,593 in anticipated grant payments pending state approval of the projects.

In addition, an estimated 95% or \$26,418 of the Vo-Ag Building Project authorization totaling \$27,208 will be received from the State in the form of proportional progress payments for eligible construction costs during certain received to date total \$24,730 leaving a balance of \$1,688 in anticipated grant payments pending state approval of the project.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

In addition, an estimated 50% or \$8,082 of the Eleven School Roof Project authorization totaling \$16,165 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$4,645 leaving a balance of \$3,437 in anticipated grant payments pending state approval of the project.

8. FUND EQUITY

A. Fund Balance

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 23	\$ 23
Prepays	143		18	161
Permanent fund principal			1,393	1,393
Restricted for:				
General government			59	59
Public works			129	129
Health and social services			75	75
Education			581	581
Committed to:				
General government			132	132
Public works			4,940	4,940
Health and social services			31	31
Parks and recreation			67	67
Education			343	343
Capital projects	1,693	6,292	1,765	9,750
Assigned to:				
General government - use of fund balance	7,200			7,200
General government encumbrances -				
finance capital expenditures	10			10
Public safety encumbrances -				
fire capital expenditures	23			23
police other	10			10
Public works encumbrances -				
capital expenditures	23			23
Education encumbrances -				
instructional equipment	45			45
Education encumbrances - other	24			24
Unassigned	18,659		(10,251)	8,408
Total fund balances	<u>\$ 27,830</u>	<u>\$ 6,292</u>	<u>\$ (695)</u>	<u>\$ 33,427</u>

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(amounts expressed in thousands)

B. Electric Fund - Restricted Net Position

Through December 31, 2013, the Connecticut Municipal Electric Energy Cooperative (CMEEC) administered a Municipal Energy Conservation and Load Management Fund (ECLMF) on behalf of the Town of Wallingford. The ECLMF was established to comply with provisions of House Bill 7501, Public Act No. 05-1 requiring municipal electric utilities to contribute to the fund and CMEEC to administer the fund. Effective January 1, 2014, with the expiration of the "full requirements" contract mentioned below, CMEEC transferred custody of the balance of that portion of the ECLMF held for Wallingford contributions to the Town of Wallingford. The Town's contribution rate for fiscal year 2016 is 2.5 mills per kilowatt hour sold. The contributions formerly sent by the Town to CMEEC are now deposited directly into a fund held by the Town. Disbursements from the ECLMF are required to be made pursuant to a comprehensive electric conservation and load management plan. In addition to the ECLMF, the Town receives revenues from periodic Regional Greenhouse Gas Initiative (RGGI) auctions. The Town also received custody from CMEEC of Renewable Resource Investment Funds (RRIF), for revenues received from Independent System Operators-New England (ISO-NE) through the forward capacity market (FCM) for ECLMF measures installed in Wallingford's service territory which CMEEC used to fulfill its obligations in the FCM. No further RRIF revenues have been received by Wallingford since January 2014 and Wallingford is currently pursuing the matter with CMEEC to see if additional funds are due to the Town for revenues since January 2014.

Investment income earned on the Town's deposits along with the Fund's authorized expenses during the year are recorded in the Electric Fund's statement of activities. The funds held now by the Town are recorded as assets on the Electric Fund's statement of net position, and, accordingly, the Electric Fund's net position has been restricted. The balance of these unexpended funds held by the Town was \$515 at June 30, 2017.

9. ELECTRIC DIVISION - POWER SUPPLY AGREEMENT AND SPECIAL FUNDS

Through December 31, 2013, the Town purchased its wholesale power requirements under an "all requirements" Power Sales Agreement (PSA) with the Connecticut Municipal Electric Energy Cooperative (CMEEC). Under the PSA the Town was required to purchase from CMEEC and CMEEC was required to sell to the Town, essentially all electric capacity and energy that Wallingford required for sale at retail. On February 23, 2012, in recognition of the fact that the Town was contemplating not renewing the PSA, the Town and CMEEC entered into a Memorandum of Agreement (MOA), which was amended on April 2, 2013. Under the MOA, CMEEC continued to purchase forward energy on behalf of the Town through July 31, 2013.

On July 1, 2006, the Town entered into the Contract for the Sale of Pierce Project Electric Power and Energy (Pierce Project Contract) with CMEEC. The Pierce Project Contract enables the Town to receive its entitlement allocation of all electric products of the Pierce Project and obligates the Town to pay its entitlement allocation of all fixed and variable costs associated with the Project, in the event the PSA is not extended.

As of June 1, 2009, the Town entered into the Contract for the Sale of 50 in 5 Peaking Electric Power and Energy and Crediting of Avoided Costs Benefits (50 in 5 Project Contract) with CMEEC. The 50 in 5 Project Contract enables the Town to receive its entitlement allocation of all electric products and crediting of avoided cost benefits of the 50 in 5 Project and obligates the Town to pay its entitlement allocation of all fixed and variable costs associated with the Project, in the event the PSA is not extended.

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(amounts expressed in thousands)

Since the Town did not extend the term of the PSA beyond December 31, 2013, the provisions for each of the project contracts went into effect as of January 1, 2014.

On May 15, 2013 the Town entered into the Energy Portfolio Management and Power Supply Consulting Service Agreement (the Agreement) with Energy New England (ENE). The initial term of the Agreement is through December 31, 2018 and it provides for a single, three-year extension.

Under the terms of the Agreement, the Wallingford Electric Division (WED) operates as an ISO-NE Market Participant (which it became on October 1, 2013) and enters into contracts directly with counterparties for the purpose of hedging the risks associated with its wholesale power supply. ENE acts as the WED's agent in all matters related to the WED's power supply acquisition activities and it assists the WED in fulfilling its obligations in the ISO-NE market. As the WED's agent, ENE manages the forward energy that CMEEC procured on the WED's behalf under the MOA.

As of this writing the WED has entered into six Master Power Purchase and Sale Agreements with counterparties.

The WED's power procurement activities are governed by its Energy Risk Management Policy and its Hedging Policy, which were adopted by the Wallingford Board of Public Utilities Commissioners on August 8, 2013 and October 1, 2013, respectively. The Hedging Policy was amended on June 2, 2015.

The foregoing discussion of the Energy Portfolio Agreement, CMEEC contracts, Memorandum of Agreement, Master Power Purchase Agreements, and Project Contracts is intended to be a summary of such contracts and funds and is qualified in its entirety by reference to the contracts themselves, which may be obtained from the Town.

10. LEASES

Lease Agreement as Lessor

Under the terms of a lease dated March 8, 2000, as amended January 30, 2015, the Town's Electric Division received \$931 for the year ended June 30, 2017 for the lease of land onto which a gas-fired electric power generating station facility was constructed. The effective date of the 25-year lease period began on May 31, 2000. The \$931 annual lease payment is recorded as lease income in the Electric Division as non-operating revenue.

On July 1, 2006, the Town and CMEEC entered into a lease agreement providing for CMEEC's lease of land, buildings and other structures at the Town's former Alfred L. Pierce electric generating station. \$300 of rent was generated annually for a five-year period following commercial operation. Beginning with the sixth year of the initial term of the lease, rent was increased 1.5% annually. The initial term of the lease will end on December 31, 2027. An extension provision for an additional five-year period is provided for in the agreement. The Town allocates 50% of the rental income to the Town's Electric Division and fifty percent to the Town's General Fund.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

11. RISK MANAGEMENT

The Town procures insurance policies with commercial insurance companies to protect itself against various risk exposures such as general liability, property damage and professional liability. The Town's Legal Counsel defends the Town in any lawsuits that arise from the normal course of operations.

The Town has a workers' compensation fund and is self-insured for claims up to a maximum of \$500,000. The Town purchases commercial insurance for claims in excess of self-insured coverage. There is an individual claim maximum of \$500,000. Settled claims have not exceeded coverage in any of the past three years. The Town's third-party administrator estimates claims payable for incurred claims as of June 30, 2017 at \$1,503 for workers' compensation and heart and hypertension claims.

The Town administers the medical self-insurance program through the Health Benefits fund. The Town has an Anthem Blue Cross/Blue Shield medical plan for which payments are based upon actual claims (versus premium payments). In this case, Anthem Blue Cross/Blue Shield acts as a claims processor and a transfer of risk does not occur.

All funds of the Town participate in the program and make payments to the Health Benefits Fund to pay claims, claim reserves and administrative costs of the program. During the fiscal year ended June 30, 2017, \$23.4 million in health care benefits and administrative costs were paid. Incurred but not reported health claims of \$1,781 have been accrued as a liability based upon information supplied by the Town's Health Care Administrator. Actuarial estimated liability for claims incurred but not reported is not available.

The changes in the claims liability were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
<u>Workers' Compensation Fund</u>				
2015-2016	\$ 1,429	\$ 1,234	\$ 1,160	\$ 1,503
2016-2017	1,503	1,784	1,784	1,503
<u>Health Benefits Fund</u>				
2015-2016	\$ 1,721	\$ 21,243	\$ 21,183	\$ 1,781
2016-2017	1,781	22,154	21,976	1,959

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

12. OTHER POSTEMPLOYMENT BENEFITS

The Town, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses through a single-employer postemployment benefit plan. Benefits are established and amended through negotiations between the Town and the various unions representing Town employees. The Town provides postemployment healthcare benefits, in accordance with current contracts, to Board of Education certified teachers and administrators who retire from the Town in accordance with criteria listed in Note 13. For those employees who terminate without retirement, healthcare benefits continue for 30 days after termination.

Retiree health insurance is provided as a combination of HMO and indemnity coverage, with the retiree selecting the type of coverage. The Town pays for a major portion or all of the total health insurance cost for retirees depending on the coverage election. The Town pays approximately 50% of the cost of coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium is paid by the retirees for their dependents or the surviving spouse for themselves.

The Town also provides health care benefits to retired police and fire employees as well as chiefs and assistant chiefs, in accordance with union contracts. When they retire, police and fire employees may have up to 50% of their health care benefits paid for by the Town until they reach age 65.

Funding Policy

The Town’s current strategy is to fund current claims and administrative costs for postemployment benefits through its purchase of premium-based coverage.

Although a trust fund may be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town’s current commitment is to fund the other post employment benefits provided to Town retirees on a pay-as-you-go basis.

The Town has not established an OPEB Trust fund, as of June 30, 2017, to irrevocably segregate assets to fund the liability associated with postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

The following is the current census of Town benefit participants as of July 1, 2015:

	<i>(not rounded)</i>
Active members	1,101
Retirees and spouses	<u>138</u>
Total	<u><u>1,239</u></u>

Postemployment retiree benefit payments for the year ended June 30, 2017, net of retiree and other contributions, amounted to approximately \$2,030.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

Annual OPEB Cost and Net OPEB Obligations

The Town of Wallingford's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

	Other Post Employment Benefits (OPEB)
Annual required contribution (ARC)	\$ 3,675
Interest on net OPEB obligation	659
Adjustment to annual required contribution	<u>(916)</u>
Annual OPEB cost	3,418
Contributions made	<u>(2,030)</u>
Increase in net OPEB obligation	1,388
Net OPEB obligation, beginning of year	<u>16,472</u>
Net OPEB Obligation, End of Year	<u>\$ 17,860</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the three fiscal years ended June 30, 2017 are presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2015	\$ 3,681	\$ 2,464	66.9%	\$ 14,403
6/30/2016	3,717	1,648	44.3%	16,472
6/30/2017	3,418	2,030	59.4%	17,860

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date.

An annual healthcare cost trend rate of 8% is used initially, decreasing 0.5% per year to an ultimate rate of 5% for 2021 and later. The medical trend rate includes a 3% inflation component. The remaining amortization period at July 1, 2015 was 30 years, open. The unfunded accrued liability is amortized each year over a constant 30 year period, as a level dollar amount. As of July 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$42 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$42 million.

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability(AAL) (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UFAL as a % of Covered Payroll ((b-a)/c)</u>
7/1/2011	\$ -	\$ 44,343	0%	\$ 85,854	52%
7/1/2013	-	44,021	0%	92,860	47%
7/1/2015	-	42,492	0%	85,047	50%

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2015	\$ 3,887	63.40%
6/30/2016	3,942	41.80%
6/30/2017	3,675	55.20%

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Wallingford Consolidated Pension Plan

A. Plan Description and Benefits Provided

The Town of Wallingford is the administrator of the Town’s Consolidated Pension Plan, a single-employer contributory defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits to all full-time noncertified employees. The Plan is considered to be part of the Town of Wallingford’s financial reporting entity and is included in the Town’s financial reports as a pension trust fund. The Plan does not issue a stand-alone report.

Per the Town Charter, the Personnel Department administers the pension system, receives retirement applications from employees, determines pension eligibility of those employees, calculates pension amounts for those eligible and handles all communication with retirees. The Personnel Department also procures the services of actuaries for pension plan valuation and other consultants as needed for advice regarding the pension plan. Also per the Town Charter, a Pension Commission determines and invests the pension assets. The Commission consists of six members: the Town Comptroller, Town Treasurer (currently vacant), Personnel Director and three resident electors of the Town who have experience and training in investments and finance, who are appointed by the Mayor with the approval of the Town Council. The Town Treasurer has custody of all pension funds and sees to the investment of pension assets in conformity with actions and policies of the Pension Commission. The Commission may appoint a financial custodian to implement investment decisions and trustees to manage the pension funds.

Membership as of July 1, 2015 of the PERS consisted of the following:

	Number of Employees
Retirees and beneficiaries currently receiving benefits	453
Terminated employees not yet receiving benefits	68
Active plan members	<u>686</u>
Total	<u><u>1,207</u></u>

Members are required to contribute to the Plan and the Town is required to contribute amounts necessary to finance the coverage for its employees. Benefits and contributions are established by the Town and may be amended only by the Town Charter and Union negotiation.

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(amounts expressed in thousands)

The following summarizes the major provisions of the plan. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Regular Employees

Normal Retirement

Age and Service Requirement:

Public Works:	30 years of credited service or age 62 with 10 years of credited service.
Management & Supervisors:	30 years of credited service or age 62 with 10 years of credited service.
Electric Division & Water Division:	29 years of credited service or age 60 with 10 years of credited service.

Benefit:

Public Works:	2.15% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.
Management & Supervisors:	2.25% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.
Electric Division & Water Division:	2.35% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.

Early Retirement

Age requirement:	55
Service requirement:	15 years
Amount:	Normal pension accrued reduced by 0.25% for each month that the participant's retirement date precedes normal retirement

Vesting

100% vested with 5 years of credited service

Employee Contributions

5% of weekly salary for Public Works
7% of weekly salary for Management and Supervisors
7.5% of weekly salary for Water or Electric Divisions

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

Hazard Employees

Normal Pension

Police, Firemen and Linemen

Age requirement:	None
Service requirement:	
Police:	22 years of service
Fire:	23 years of service
Lineman:	25 years of service
Benefit:	
Police:	2.35% of final average salary per year of credited service, subject to a maximum of 75%.
Fire:	2.35% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year.
Lineman:	For pre July 1, 2007 hires: 2.35% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year. For post July 1, 2007 hires: 2.25% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year.

Vesting

100 % vesting after 5 years of credited service

Employee Contributions

8.5% of weekly salary for Linemen
7.75% of weekly salary for Policemen
8.0% of weekly salary for Firefighters
Interest is credited at 3% per year

Cost-of-Living Adjustment

Police:	2% per year after age 60. Normal retirements only.
Fire:	2% per year after age 60, normal and disability retirements. Terminated vested benefits, after age 62.
Lineman:	2% per year after age 60, if hired on or before January 1, 2001. All normal retirement benefits on or after July 1, 1992, with at least 25 years of service.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

B. Summary of Significant Accounting Policies and System Assets

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned.

Concentration of Investments

There were no investments in any one organization that represented 5% or more of net position available for benefits, except for investments in United States backed bonds.

Plan Expenses

Expenses of administering the Plan are paid for from contributions to the Plan.

C. Funding Policy

Employees contribute between 5% and 8.5% of their weekly salary to the Plan. Contributions earn 3% interest returnable upon termination before retirement. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined by its actuaries; the current rate is 20.10% of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended subject to union negotiations.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

D. Investments

The Pension Commission utilizes the Plan's Investment Policy Statement (IPS) to determine the allocation of the Plan's invested assets. The goal of the IPS is to reduce risk by utilizing an investment strategy through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2017.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Fixed Income	35.00%	1.95%	0.68%
US Equity	50.00%	5.40%	2.70%
International Equity	15.00%	5.60%	0.84%
Total Portfolio	100.00%		4.22%
Long-Term Inflation Expectation			2.50%
Long-Term Expected Nominal Return			6.72%

* Long-Term Returns are provided by FIA-LLC. The returns are geometric means.

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2017, were as follows:

Total pension liability	\$ 251,437
Plan fiduciary net position	<u>(192,599)</u>
Town's Net Pension Liability	<u>\$ 58,838</u>
Plan fiduciary net position as a percentage of the total pension liability	76.60%

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Ranges from 3.5% to 12%, based on age
Investment rate of return	7.5% including inflation

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the rates term rates shown above are geometric averages. The impact of asset allocation and rebalancing is not reflected in the expected return. The results support a rate between 6.60% and 8.60%. An expected rate of return of 7.60% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Consolidated Pension Fund		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2016	\$ 237,561	\$ 172,076	\$ 65,485
Changes for the year:			
Service cost	5,664		5,664
Interest on total pension liability	17,964		17,964
Differences between expected and actual experience	1,596		1,596
Changes in assumptions	2,618		2,618
Employer contributions		8,639	(8,639)
Member contributions		2,797	(2,797)
Net investment income		23,070	(23,070)
Benefit payments, including refund to employee contributions	(13,966)	(13,966)	
Administrative expenses		(97)	97
Other changes		80	(80)
Net changes	<u>13,876</u>	<u>20,523</u>	<u>(6,647)</u>
Balances as of June 30, 2017	<u>\$ 251,437</u>	<u>\$ 192,599</u>	<u>\$ 58,838</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease in Discount Rate (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase in Discount Rate (8.50%)</u>
Net pension liability as of June 30, 2017	\$ 87,579	\$ 58,838	\$ 34,495

Wallingford Volunteer Firefighters Length of Service Award Plan

A. Plan Description and Benefits Provided

The Town of Wallingford is the administrator of the Town's Volunteer Firefighters Length of Service Award Plan, a single-employer defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits to qualified volunteer firefighters. The Plan is considered to be part of the Town of Wallingford's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan does not issue a stand-alone report.

The Plan is administered by the Personnel Department and Pension Commission as previously state in the Consolidated Pension Plan Note above.

Membership as of July 1, 2015 of the PERS consisted of the following:

	<u>Number of Employees</u>
Volunteers currently receiving benefits	11
Inactive vested volunteers	50
Current active members	<u>97</u>
Total	<u><u>158</u></u>

Benefits are established by the Town and may be amended only by the Town Charter.

The following is a brief summary of the plan provisions:

Normal Pension

Age requirement: 65
Service requirement: 5 years (1 year after program's initiation)
Amount: \$10 (not rounded) per month for the first 10 years of service plus \$15 (not rounded) per month for the second 10 years of service; plus \$20 per month for the next 10 years of service (30 year maximum). The monthly pension amount is subject to a \$450 maximum.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

Disability

Age requirement:	None
Service requirement:	None
Amount:	Regular pension accrued deferred to age 65 or lump-sum cash benefit equal to the accrued benefit multiplied by 120.

Vesting

Age requirement:	None
Service requirement:	5 years
Amount:	Regular pension accrued deferred to age 65

Service

One year of service will be credited for each year the activity requirement is met. Currently, this requirement is 100 points.

B. Summary of Significant Accounting Policies and System Assets

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

The plan reports investments at fair value. Investment income is recognized as earned.

Concentration of Investments

There were no investments in any one organization that represented 5% or more of net position available for benefits, except for investments in United States backed bonds.

Plan Expenses

Expenses of administering the Plan are paid for from contributions to the Plan.

C. Funding Policy

The Town funding policy is to contribute the amount equal to the normal cost plus a past service payment representing amortization of the unfunded accrued liability.

D. Investments

Funds are invested in the same manner as in the Consolidated Pension Plan Note above.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

The following was the Board's adopted asset allocation policy as of June 30, 2017.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>	<u>Weighting</u>
Fixed Income	35.00%	1.95%	0.68%
US Equity	50.00%	5.40%	2.70%
International Equity	<u>15.00%</u>	5.60%	0.84%
Total Portfolio	100.00%		4.22%
Long-Term Inflation Expectation			<u>2.50%</u>
Long-Term Expected Nominal Return			6.72%

* Long-Term Returns are provided by FIA-LLC. The returns are geometric means.

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2017, were as follows:

Total pension liability	\$	1,534
Plan fiduciary net position		<u>(1,431)</u>
Town's Net Pension Liability	\$	<u><u>103</u></u>
Plan fiduciary net position as a percentage of the total pension liability		93.28%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	N/A - members are volunteers
Investment rate of return	7.5%, including inflation

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the rates term rates shown above are geometric averages. The impact of asset allocation and rebalancing is not reflected in the expected return. The results support a rate between 6.60% and 8.60%. An expected rate of return of 7.60% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Volunteer Firefighter's Pension Fund			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2016	\$ 1,449	\$ 1,272	\$ 177
Changes for the year:			
Service cost	22		22
Interest on total pension liability	110		110
Changes in assumptions	16		16
Employer contributions		43	(43)
Net investment income		178	(178)
Benefit payments, including refund to employee contributions	(63)	(62)	(1)
Net changes	<u>85</u>	<u>159</u>	<u>(74)</u>
Balances as of June 30, 2017	<u>\$ 1,534</u>	<u>\$ 1,431</u>	<u>\$ 103</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	(6.50%)	(7.50%)	(8.50%)
Net pension liability as of June 30, 2017	\$ 272	\$ 103	\$ 39

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

(amounts expressed in thousands)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the Town recognized pension expense of \$10,796. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related pension from the following sources:

	Deferred Outflows of Resources		
	Consolidated Pension	Volunteer Firefighter's	Total
Differences between expected and actual experience	\$ 2,176	\$ 17	\$ 2,193
Changes of assumptions	2,133	13	2,146
Net difference between projected and actual earning on pension plan investments	<u>2,485</u>		<u>2,485</u>
Total	<u>\$ 6,794</u>	<u>\$ 30</u>	<u>\$ 6,824</u>

	Deferred Inflows of Resources		
	Consolidated Pension	Volunteer Firefighter's	Total
Differences between expected and actual experience	\$ 762	\$ 26	\$ 788
Changes of assumptions			-
Net difference between projected and actual earning on pension plan investments		<u>13</u>	<u>13</u>
Total	<u>\$ 762</u>	<u>\$ 39</u>	<u>\$ 801</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Consolidated Pension	Volunteer Firefighter's	Total
2018	\$ 2,816	\$ (1)	\$ 2,815
2019	2,816	(1)	2,815
2020	1,215	6	1,221
2021	(1,128)	(16)	(1,144)
2022	313		313
Thereafter		<u>3</u>	<u>3</u>
Total	<u>\$ 6,032</u>	<u>\$ (9)</u>	<u>\$ 6,023</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

F. Pension Trust Funds

The Town maintains two pension trust funds (Consolidated Pension Fund and Volunteer Firefighters Pension Fund) to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2017 and the changes in net position for the year then ended:

	Pension Trust Funds			
	<u>Consolidated Pension Fund</u>	<u>Volunteer Firefighter's Pension Fund</u>	<u>Interfund Eliminations</u>	<u>Totals</u>
Assets:				
Cash and cash equivalents	\$ 983	\$ 22	\$	\$ 1,005
Investments:				
Mutual funds	193,044			193,044
Due from other funds		1,313	(1,313)	-
Total assets	<u>194,027</u>	<u>1,335</u>	<u>(1,313)</u>	<u>194,049</u>
Liabilities:				
Accounts and other payables	15			15
Due to other funds	1,413	(96)	(1,313)	4
Total liabilities	<u>1,428</u>	<u>(96)</u>	<u>(1,313)</u>	<u>19</u>
Net Position:				
Restricted for Pensions	<u>\$ 192,599</u>	<u>\$ 1,431</u>	<u>\$ -</u>	<u>\$ 194,030</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

	Combining Statement of Changes in Fiduciary Net Position		
	Consolidated Pension Fund	Volunteer Firefighter's Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 8,639	\$ 43	\$ 8,682
Plan members	2,797		2,797
Total contributions	<u>11,436</u>	<u>43</u>	<u>11,479</u>
Investment income:			
Net change in fair value of investments	19,375	178	19,553
Interest and dividends	3,719		3,719
Other income	80		80
Investment fee expense	(24)		(24)
Total investment income	<u>23,150</u>	<u>178</u>	<u>23,328</u>
Total additions	<u>34,586</u>	<u>221</u>	<u>34,807</u>
Deductions			
Benefits	13,814	62	13,876
Refunds of contributions	152		152
Administration	97		97
Total deductions	<u>14,063</u>	<u>62</u>	<u>14,125</u>
Net change	20,523	159	20,682
Net position restricted for pensions, beginning of year	<u>172,076</u>	<u>1,272</u>	<u>173,348</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 192,599</u>	<u>\$ 1,431</u>	<u>\$ 194,030</u>

Teachers Retirement

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

B. Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>175,306</u>
Total	\$	<u>175,306</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$19,118 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(amounts expressed in thousands)

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(amounts expressed in thousands)

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

H. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

14. CONTINGENT LIABILITIES

The Town is contingently liable in connection with litigation involving personal injury claims, zoning matters, property tax appeals, other miscellaneous suits and unasserted claims. The Town intends to vigorously defend these actions; however, there can be no assurance that the Town will prevail.

The Town Attorney estimates that the potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town. When it has been determined that the Town faces an exposure in matters of litigation, the Town's policy is to establish an appropriate reserve.

**Required Supplementary
Information**

**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General property taxes:				
Current tax levy	\$ 114,447	\$ 114,447	\$ 116,264	\$ 1,817
Prior year's levy	1,425	1,425	1,328	(97)
Interest and liens	775	775	801	26
Total	<u>116,647</u>	<u>116,647</u>	<u>118,393</u>	<u>1,746</u>
Licenses and permits:				
Building	550	550	594	44
Public safety	22	22	30	8
Public works	6	6	9	3
Health	25	25	27	2
Total	<u>603</u>	<u>603</u>	<u>660</u>	<u>57</u>
Intergovernmental revenues:				
Education Cost Sharing	21,864	21,864	21,292	(572)
PILOT Housing/State	3,085	3,085	3,068	(17)
Municipal revenue sharing	3,334	3,334	2,927	(407)
Elderly taxes	280	280	255	(25)
Disability and Veterans exemptions	48	48	47	(1)
Pequot funds	156	156	156	-
Transportation	280	280	-	(280)
Health	25	25	23	(2)
Vocational agriculture	880	880	801	(79)
Miscellaneous grants	122	158	181	23
Total	<u>30,074</u>	<u>30,110</u>	<u>28,750</u>	<u>(1,360)</u>
Charges for services:				
Rent	164	164	163	(1)
Town Clerk	900	900	826	(74)
Public safety	460	870	917	47
Public works	46	46	45	(1)
Recreation - swimming	25	25	31	6
Veterans	12	12	13	1
Tuition	1,267	1,267	1,248	(19)
Total	<u>2,874</u>	<u>3,284</u>	<u>3,243</u>	<u>(41)</u>
Use of money:				
Investment income	<u>135</u>	<u>135</u>	<u>290</u>	<u>155</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other revenue:				
Sewer assessment	\$ 2	\$ 2	\$	\$ (2)
In lieu of taxes/telephone	450	450	548	98
Compensation and insurance recovery	126	126	58	(68)
Proportionate charges	1,108	1,108	1,108	-
Encumbrance cancellations	65	65	97	32
Miscellaneous	41	117	105	(12)
Total	<u>1,792</u>	<u>1,868</u>	<u>1,916</u>	<u>48</u>
Total revenues	<u>152,125</u>	<u>152,647</u>	<u>153,252</u>	<u>605</u>
Other financing sources:				
Transfers in:				
Electric Division	1,890	1,890	1,890	-
Other funds	55	55	99	44
Total	<u>1,945</u>	<u>1,945</u>	<u>1,989</u>	<u>44</u>
Total	<u>\$ 154,070</u>	<u>\$ 154,592</u>	155,241	<u>\$ 649</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted. 19,118

Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes. (97)

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV.

\$ 174,262

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Town Council:				
Salaries and wages	\$ 50	\$ 52	\$ 50	\$ 2
Operating and maintenance	6	6	6	-
Total	<u>56</u>	<u>58</u>	<u>56</u>	<u>2</u>
Board of Selectmen:				
Salaries and wages	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Mayor:				
Salaries and wages	226	229	227	2
Operating and maintenance	81	86	81	5
Total	<u>307</u>	<u>315</u>	<u>308</u>	<u>7</u>
Program Planning:				
Salaries and wages	157	156	122	34
Operating and maintenance	8	13	5	8
Total	<u>165</u>	<u>169</u>	<u>127</u>	<u>42</u>
Government Access TV:				
Salaries and wages	126	128	105	23
Operating and maintenance	12	12	8	4
Capital	22	22	14	8
Total	<u>160</u>	<u>162</u>	<u>127</u>	<u>35</u>
Department of Law:				
Salaries and wages	325	332	322	10
Operating and maintenance	208	246	233	13
Total	<u>533</u>	<u>578</u>	<u>555</u>	<u>23</u>
Board of Assessment Appeals:				
Salaries and wages	7	7	7	-
Operating and maintenance	2	2	1	1
Total	<u>9</u>	<u>9</u>	<u>8</u>	<u>1</u>
Finance:				
Salaries and wages	1,847	1,885	1,763	122
Operating and maintenance	496	496	480	16
Capital	109	117	7	110
Total	<u>2,452</u>	<u>2,498</u>	<u>2,250</u>	<u>248</u>
Library:				
Operating and maintenance	<u>2,968</u>	<u>2,968</u>	<u>2,968</u>	<u>-</u>
Personal Pension and Risk Management:				
Salaries and wages	515	528	527	1
Operating and maintenance	265	269	232	37
Capital		2	1	1
Total	<u>780</u>	<u>799</u>	<u>760</u>	<u>39</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government (continued):				
Pension Fund:				
Operating and maintenance	\$ 7,121	\$ 7,199	\$ 6,814	\$ 385
Employee Insurance and Other Benefits:				
Salaries and wages	341	341	164	177
Operating and maintenance	8,226	8,214	8,036	178
Total	<u>8,567</u>	<u>8,555</u>	<u>8,200</u>	<u>355</u>
Property and Casualty Insurance:				
Operating and maintenance	<u>1,136</u>	<u>1,143</u>	<u>1,131</u>	<u>12</u>
Building Department:				
Salaries and wages	384	416	416	-
Operating and maintenance	31	31	12	19
Total	<u>415</u>	<u>447</u>	<u>428</u>	<u>19</u>
Register of Voters:				
Salaries and wages	123	123	99	24
Operating and maintenance	31	29	18	11
Capital	4	6	6	-
Total	<u>158</u>	<u>158</u>	<u>123</u>	<u>35</u>
Town Clerk:				
Salaries and wages	222	227	215	12
Operating and maintenance	79	79	51	28
Capital		9	9	-
Total	<u>301</u>	<u>315</u>	<u>275</u>	<u>40</u>
Planning and Zoning:				
Salaries and wages	216	222	208	14
Operating and maintenance	32	33	27	6
Capital	9	7	1	6
Total	<u>257</u>	<u>262</u>	<u>236</u>	<u>26</u>
Inland/Wetlands Commission:				
Salaries and wages	87	89	87	2
Operating and maintenance	10	10	8	2
Total	<u>97</u>	<u>99</u>	<u>95</u>	<u>4</u>
Zoning Board of Appeals:				
Salaries and wages	1	1	1	-
Operating and maintenance	10	10	8	2
Total	<u>11</u>	<u>11</u>	<u>9</u>	<u>2</u>
Economic Development Commission:				
Salaries and wages	44	48	47	1
Operating and maintenance	86	86	33	53
Total	<u>130</u>	<u>134</u>	<u>80</u>	<u>54</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government (continued):				
Conservation Commission:				
Salaries and wages	\$ 1	\$ 1	\$ 1	\$ -
Operating and maintenance	8	8	7	1
Total	<u>9</u>	<u>9</u>	<u>8</u>	<u>1</u>
Public Utilities Commission:				
Salaries and wages	278	285	280	5
Operating and maintenance	6	46	32	14
Total	<u>284</u>	<u>331</u>	<u>312</u>	<u>19</u>
Probate Court:				
Operating and maintenance	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Civil Preparedness:				
Salaries and wages	5	5	5	-
Operating and maintenance	7	7	3	4
Total	<u>12</u>	<u>12</u>	<u>8</u>	<u>4</u>
Contingency Accounts:				
General and accrued expenses	<u>1,140</u>	<u>383</u>		<u>383</u>
Total general government	<u>27,080</u>	<u>26,626</u>	<u>24,890</u>	<u>1,736</u>
Public Safety:				
Police Department:				
Salaries and wages	7,955	8,478	8,154	324
Operating and maintenance	1,071	1,116	1,034	82
Capital	252	287	256	31
Total	<u>9,278</u>	<u>9,881</u>	<u>9,444</u>	<u>437</u>
Dog Pound:				
Salaries and wages	140	143	140	3
Operating and maintenance	35	39	28	11
Capital				-
Total	<u>175</u>	<u>182</u>	<u>168</u>	<u>14</u>
Fire Department:				
Salaries and wages	5,549	5,671	5,527	144
Operating and maintenance	714	712	607	105
Capital	214	229	199	30
Total	<u>6,477</u>	<u>6,612</u>	<u>6,333</u>	<u>279</u>
Total public safety	<u>15,930</u>	<u>16,675</u>	<u>15,945</u>	<u>730</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Public Works:				
Engineering Department:				
Salaries and wages	\$ 365	\$ 365	\$ 309	\$ 56
Operating and maintenance	55	55	39	16
Capital	83	85	62	23
Total	<u>503</u>	<u>505</u>	<u>410</u>	<u>95</u>
Department of Public Works:				
Salaries and wages	3,029	3,128	3,017	111
Operating and maintenance	2,613	2,648	2,454	194
Capital	381	451	315	136
Total	<u>6,023</u>	<u>6,227</u>	<u>5,786</u>	<u>441</u>
Total public works	<u>6,526</u>	<u>6,732</u>	<u>6,196</u>	<u>536</u>
Health and Social Services:				
Health Department:				
Salaries and wages	410	418	387	31
Operating and maintenance	40	40	28	12
Total	<u>450</u>	<u>458</u>	<u>415</u>	<u>43</u>
Social Services:				
Salaries and wages	328	330	326	4
Operating and maintenance	73	78	75	3
Pass-through agency contributions	1,116	1,129	1,127	2
Capital	1	1	1	-
Total	<u>1,518</u>	<u>1,538</u>	<u>1,529</u>	<u>9</u>
Veteran's Service Center:				
Salaries and wages	23	23	22	1
Operating and maintenance	1	1	1	-
Total	<u>24</u>	<u>24</u>	<u>23</u>	<u>1</u>
Total health and social services	<u>1,992</u>	<u>2,020</u>	<u>1,967</u>	<u>53</u>
Parks and Recreation:				
Department of Parks and Recreation:				
Salaries and wages	785	775	739	36
Operating and maintenance	136	143	129	14
Capital	54	54	48	6
Total parks and recreation	<u>975</u>	<u>972</u>	<u>916</u>	<u>56</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Education	\$ 98,739	\$ 98,739	\$ 97,987	\$ 752
Debt Service:				
Principal	3,460	3,460	3,460	-
Interest	1,230	1,230	1,230	-
Administration, registration and other	5	5	3	2
Total debt service	<u>4,695</u>	<u>4,695</u>	<u>4,693</u>	<u>2</u>
Appropriations in Force Carryforward:				
Capital and nonrecurring items	-	1,517	744	773
Total expenditures	155,937	157,976	153,338	4,638
Other financing uses:				
Transfers out	<u>2,333</u>	<u>2,333</u>	<u>2,333</u>	<u>-</u>
Total	<u>\$ 158,270</u>	<u>\$ 160,309</u>	155,671	<u>\$ 4,638</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	19,118
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.	(135)
Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year are reported for financial statement reporting purposes.	801
The Town and Board of Education do not budget for accrued payroll services earned at year end. The accrued wages are charged to the subsequent year's budget. The change in the accrual is recorded as an adjustment to the current year expenditure for GAAP financial statement purposes.	<u>227</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV. \$ 175,682

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS - TOWN*
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 5,664	\$ 5,280	\$ 5,102	\$ 5,123
Interest	17,964	17,178	16,642	15,985
experience	1,596	1,376	(1,525)	
Changes of assumptions	2,618			
Benefit payments, including refunds of member contributions	<u>(13,966)</u>	<u>(13,828)</u>	<u>(12,847)</u>	<u>(12,052)</u>
Net change in total pension liability	13,876	10,006	7,372	9,056
Total pension liability - beginning	<u>237,561</u>	<u>227,555</u>	<u>220,183</u>	<u>211,127</u>
Total pension liability - ending	<u>251,437</u>	<u>237,561</u>	<u>227,555</u>	<u>220,183</u>
Plan fiduciary net position:				
Contributions - employer	8,639	8,411	8,192	7,446
Contributions - member	2,797	2,723	2,626	2,559
Net investment income	23,070	766	4,904	24,901
contributions	(13,966)	(13,828)	(12,849)	(12,052)
Administrative expense	(97)	(102)	(95)	(102)
Other	<u>80</u>	<u>33</u>	<u>697</u>	<u>214</u>
Net change in plan fiduciary net position	20,523	(1,997)	3,475	22,966
Plan fiduciary net position - beginning	<u>172,076</u>	<u>174,073</u>	<u>170,598</u>	<u>147,632</u>
Plan fiduciary net position - ending	<u>192,599</u>	<u>172,076</u>	<u>174,073</u>	<u>170,598</u>
Net Pension Liability - Ending	<u>\$ 58,838</u>	<u>\$ 65,485</u>	<u>\$ 53,482</u>	<u>\$ 49,585</u>
Plan fiduciary net position as a percentage of the total pension liability	76.60%	72.43%	76.50%	77.48%
Covered-employee payroll	\$ 42,990	\$ 41,595	\$ 39,273	\$ 38,849
employee payroll	136.86%	157.44%	136.18%	127.64%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - TOWN**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 8,639	\$ 8,411	\$ 8,192	\$ 7,446	\$ 6,652	\$ 6,559	\$ 6,060	\$ 3,654	\$ 3,317	\$ 3,097
Contributions in relation to the actuarially determined contribution	<u>8,639</u>	<u>8,411</u>	<u>8,192</u>	<u>7,446</u>	<u>6,652</u>	<u>6,559</u>	<u>6,060</u>	<u>3,654</u>	<u>3,317</u>	<u>3,097</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 42,990	\$ 41,595	\$ 39,273	\$ 38,849	\$ 37,825	\$ 37,825	\$ 38,058	\$ 35,903	\$ 36,217	\$ 35,044
Contributions as a percentage of covered-employee payroll	20.10%	20.22%	20.86%	19.17%	17.59%	17.34%	15.92%	10.18%	9.16%	8.84%

Notes to Schedule

Valuation date: July 1, 2015
 Measurement date: June 30, 2017
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:
 Actuarial cost method Entry age normal
 Amortization method Level Percent
 Remaining amortization period 25 years, closed
 Asset valuation method 5-year smoothed
 Inflation 3.00%
 Salary increases Ranges from 3.5% to 12%, based on age
 Investment rate of return 7.60%

Retirement age - Hazardous Plan

Police 22 years of service.
 Fire 23 years of service.
 Lineman 25 years of service.

Retirement age - Non-Hazardous Plan

Public Works 30 years of credited service or age 62 with 10 years of credited service.
 Management and Supervisors 30 years of credited service or age 62 with 10 years of credited service.
 Electric and Water Division 29 years of credited service or age 60 with 10 years of credited service.

Mortality Hazardous Plan: RP-2000 Combined Mortality Table projected to the valuation date with Scale AA (Blue Collar).
 Non-Hazardous Plan: RP-2000 Combined Mortality Table projected to the valuation date with Scale AA (No Collar).

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FOUR FISCAL YEARS - TOWN***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	13.57%	0.46%	3.30%	17.07%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS - VOLUNTEER FIRE**
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 22	\$ 17	\$ 18	\$ 15
Interest	110	103	101	96
Differences between expected and actual experience		22	(38)	
Changes of assumptions	16			
Benefit payments, including refunds of member contributions	<u>(63)</u>	<u>(50)</u>	<u>(52)</u>	<u>(52)</u>
Net change in total pension liability	85	92	29	59
Total pension liability - beginning	<u>1,449</u>	<u>1,357</u>	<u>1,328</u>	<u>1,269</u>
Total pension liability - ending	<u>1,534</u>	<u>1,449</u>	<u>1,357</u>	<u>1,328</u>
Plan fiduciary net position:				
Contributions - employer	43	41	42	31
Contributions - member				
Net investment income	178	(10)	127	181
contributions	(62)	(50)	(52)	(52)
Administrative expense				(5)
Net change in plan fiduciary net position	<u>159</u>	<u>(19)</u>	<u>117</u>	<u>155</u>
Plan fiduciary net position - beginning	<u>1,272</u>	<u>1,291</u>	<u>1,174</u>	<u>1,019</u>
Plan fiduciary net position - ending	<u>1,431</u>	<u>1,272</u>	<u>1,291</u>	<u>1,174</u>
Net Pension Liability - Ending	<u>\$ 103</u>	<u>\$ 177</u>	<u>\$ 66</u>	<u>\$ 154</u>
Plan fiduciary net position as a percentage of the total pension liability	93.28%	87.76%	95.13%	88.43%
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

**Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - VOLUNTEER FIRE**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 43	\$ 41	\$ 42	\$ 31	\$ 31	\$ 36	\$ 36	\$ 31	\$ 31	\$ 19
Contributions in relation to the actuarially determined contribution	43	41	42	31	31	36	36	31	31	19
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of January 1, one and a half years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	25 years, open
Asset valuation method	5-year smoothed
Inflation	3.00%
Investment rate of return	7.60%

Retirement age: The later of age 65 and 5 years of service.

Mortality: RP-2000 Mortality Table with separate male and female rates, with Blue Collar adjustment, combined table for non-annuitants and annuitants projected to the valuation date with Scale AA

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FOUR FISCAL YEARS - VOLUNTEER FIRE***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	13.90%	-0.79%	10.62%	15.28%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>175,306</u>	<u>133,407</u>	<u>123,308</u>
Total	<u>\$ 175,306</u>	<u>\$ 133,407</u>	<u>\$ 123,308</u>
Town's covered-employee payroll	\$ 50,654	\$ 49,221	\$ 47,622
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.</p> <p>During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The General Fund, which is the principal fund of the Town, is used to account for all activities of the Town not included in other specific funds. The General Fund accounts for the normal recurring activities of the Town (i.e., police, fire, education, recreation, public works, general government, etc.). These activities are funded principally by property taxes on individuals and businesses, and grants from other governmental units.

**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2017 AND 2016
(In Thousands)**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 52,960	\$ 56,495
Receivables:		
Property taxes receivable, net of an allowance for uncollectibles of \$784 and \$759, respectively	3,570	3,458
Property taxes accrued interest receivable, net of an allowance for uncollectibles of \$102 and \$109, respectively	761	796
Accounts receivable, net	260	440
Due from other funds	11,009	12,968
Prepaid items	<u>143</u>	<u>126</u>
Total Assets	<u>\$ 68,703</u>	<u>\$ 74,283</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 4,088	\$ 10,229
Due to other funds	22,690	22,335
Unearned revenues	<u>184</u>	<u>173</u>
Total liabilities	<u>26,962</u>	<u>32,737</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,994	3,914
Advanced property tax collections	<u>9,917</u>	<u>8,382</u>
Total deferred inflows of resources	<u>13,911</u>	<u>12,296</u>
Fund balance:		
Nonspendable	143	126
Committed	1,693	1,517
Assigned	7,335	5,098
Unassigned	<u>18,659</u>	<u>22,509</u>
Total fund balance	<u>27,830</u>	<u>29,250</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 68,703</u>	<u>\$ 74,283</u>

**TOWN OF WALLINGFORD, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

Grand List	Uncollected Taxes July 1, 2016	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Taxes	Interest	Lien Fees	Total	Uncollected Taxes June 30, 2017
		Additions	Deductions							
2015	\$ *	\$ 118,678	\$ 586	\$ 37	\$ 118,055	\$ 116,264	\$ 309	\$ 18	\$ 116,591	\$ 1,791
2014	1,613	13	60	58	1,508	745	164	11	920	763
2013	738	9	23	31	693	226	71	2	299	467
2012	564	1	18	159	388	111	45	1	157	277
2011	303	1		1	303	64	29		93	239
2010	236				236	55	27	1	83	181
2009	211				211	34	11	1	46	177
2008	142				142	17	11		28	125
2007	113				113	15	11	2	28	98
2006	98				98	13	11		24	85
2005	70				70	8	12		20	62
2004	46				46	7	11		18	39
2003	29				29	5	10		15	24
2002	28				28	3	5		8	25
2001	26		** 26		-				-	-
Total	\$ <u>4,217</u>	\$ <u>118,702</u>	\$ <u>713</u>	\$ <u>286</u>	\$ <u>121,920</u>	117,567	727	36	118,330	\$ <u>4,353</u>
			Suspense collections			38	38		76	
			Total tax collections			\$ <u>117,605</u>	\$ <u>765</u>	\$ <u>36</u>	118,406	
			Property taxes receivable considered available:							
			June 30, 2016						(340)	
			June 30, 2017						<u>327</u>	
			Total						\$ <u>118,393</u>	

* Includes motor vehicle supplement tax levy of \$1,514

** Operation of law

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

Fund	Funding Source	Function
Educational Grants and Programs	State and federal grants, program income	Specific education programs
School Cafeteria	State and federal grants, program income	Operations of the school lunch program
Town Aid Road	State grant	General Town road maintenance
LOCIP Grants	State grant	General Town capital improvement
Spanish Community of Wallingford SCOW Grant 148-HRD	State grant	Public assistance and welfare
Spanish Community of Wallingford SCOW Grant 148-HHD	State grant	Public assistance and welfare
Small Cities	Federal Grant	Economic development
Wallingford 350	State and Federal Grants/Contributions	350 year Jubilee
Central Dispatch	Multi-town contributions	Multi-town dispatch services study.
Open Space Resource Management	Fees	Land preservation
Meals on Wheels	Federal grant	Home care assistance to the elderly
Child Day Care Grant	State grants	Child day care services
Youth Services Donations	Contributions	Improvement of youth's welfare
Young Astronauts Club	Contributions	Explore the concepts of astronomy
Council on Substance Abuse Grant	Intergovernmental revenue and contributions	Substance abuse awareness and prevention
Narcotics Forfeiture	State and federal grants	Drug enforcement, training and education
Covanta	Program income	Services performed by the Town as liaison between Covanta, the Town and other communities.
Connecticut Resource Recovery Authority Distribution	Contributions	Agreement between Town and CRRA for refunding of prepaid fees
Historic Document Preservation Grant	State grant and fees	Preserve historical documents
Recreation Department Programs	Program income	Recreational programs
Public Health Grants	State and Federal Grants	Public Health Programs
EMP Grant	Federal Grant	Emergency Management
Summer Youth Employment	Federal Grant	Summer Youth Employment
Miscellaneous Grants and Donations	State and Federal Grants/Contributions	Administer Miscellaneous Programs
Education Trust	Contributions and investment income	Award scholarships
Dog Pound Trust	Contributions and investment income	Improvements to the Dog Pound and general welfare of impounded animals
Robert Biondino	Contributions and investment income	Award scholarships
Irving H. Prageman	Contributions and investment income	General upkeep of Prageman Park
Charles R. Clulee	Contributions and investment income	Preservation of monuments and historical sites

Capital Projects Funds

Capital Projects Funds are established in the Town of Wallingford pursuant to local resolutions authorizing specific capital projects. Funding sources are generally comprised of Town appropriated transfers from the General Fund, the receipt of intergovernmental grants and proceeds from the sale of bonds. Expenditures relate to the expansion, improvement or replacement of the Town's capital assets.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017
 (In Thousands)**

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 404	\$ 2,027	\$ 1,393	\$ 3,824
Receivables:				
Intergovernmental	125	910		1,035
Other		2		2
Due from other funds	6,789	1,247		8,036
Inventory	23			23
Prepaid items	18			18
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>7,359</u>	\$ <u>4,186</u>	\$ <u>1,393</u>	\$ <u>12,938</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 575	\$ 168	\$	\$ 743
Due to other funds	4	11,001		11,005
Unearned revenue	404			404
Other liabilities		1,481		1,481
Total liabilities	<u>983</u>	<u>12,650</u>	<u>-</u>	<u>13,633</u>
Fund balances:				
Nonspendable	41		1,393	1,434
Restricted	844			844
Committed	5,513	1,765		7,278
Unassigned	(22)	(10,229)		(10,251)
Total fund balances	<u>6,376</u>	<u>(8,464)</u>	<u>1,393</u>	<u>(695)</u>
Total Liabilities and Fund Balances	\$ <u>7,359</u>	\$ <u>4,186</u>	\$ <u>1,393</u>	\$ <u>12,938</u>

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Revenues:					
Intergovernmental	\$ 7,581	\$ 1,133	\$	\$	\$ 8,714
Charges for services	3,290				3,290
Investment income			4		4
Other revenue	511	3	36		550
Total revenues	<u>11,382</u>	<u>1,136</u>	<u>40</u>	<u>-</u>	<u>12,558</u>
Expenditures:					
Current:					
General government	33				33
Public safety	52				52
Public works	1,212				1,212
Health and social services	756				756
Parks and recreation	864				864
Education	8,459				8,459
Capital outlay	797	1,885			2,682
Total expenditures	<u>12,173</u>	<u>1,885</u>	<u>-</u>	<u>-</u>	<u>14,058</u>
Excess (deficiency) of revenues over expenditures	<u>(791)</u>	<u>(749)</u>	<u>40</u>	<u>-</u>	<u>(1,500)</u>
Other financing sources (uses):					
Transfers in	11	687		(452)	246
Transfers out	(548)		(3)	452	(99)
Total other financing sources (uses)	<u>(537)</u>	<u>687</u>	<u>(3)</u>	<u>-</u>	<u>147</u>
Net change in fund balances	(1,328)	(62)	37	-	(1,353)
Fund balance, beginning of year	<u>7,704</u>	<u>(8,402)</u>	<u>1,356</u>	<u>-</u>	<u>658</u>
Fund Balance, End of Year	<u>\$ 6,376</u>	<u>\$ (8,464)</u>	<u>\$ 1,393</u>	<u>\$ -</u>	<u>\$ (695)</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2017
 (In Thousands)**

	<u>Educational Grants and Programs</u>	<u>School Cafeteria</u>	<u>Town Aid Road</u>	<u>LOCIP Grants</u>	<u>Spanish Community of Wallingford SCOW Grant 148-HRD</u>	<u>Spanish Community of Wallingford SCOW Grant 148-HHD</u>	<u>Small Cities</u>	<u>Wallingford 350</u>
ASSETS								
Cash and cash equivalents	\$	\$ 261	\$	\$	\$	\$	\$	\$
Receivables:								
Intergovernmental	14	103					8	
Due from other funds	756		152					9
Inventory		23						
Prepaid items								
Total Assets	\$ 770	\$ 387	\$ 152	\$ -	\$ -	\$ -	\$ 8	\$ 9
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$ 179	\$ 1	\$ 23	\$	\$	\$	\$ 8	\$ 8
Due to other funds								
Unearned revenue	10	20						
Total liabilities	189	21	23	-	-	-	8	8
Fund Balance:								
Nonspendable		23						
Restricted	581		129					
Committed		343						1
Unassigned								
Total fund balance	581	366	129	-	-	-	-	1
Total Liabilities and Fund Balances	\$ 770	\$ 387	\$ 152	\$ -	\$ -	\$ -	\$ 8	\$ 9

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2017
 (In Thousands)**

	<u>Central Dispatch</u>	<u>Open Space Resource Management</u>	<u>Meals on Wheels</u>	<u>Child Day Care Grant</u>	<u>Youth Services Donations</u>	<u>Young Astronauts Club</u>	<u>Council on Substance Abuse Grant</u>	<u>Narcotics Forfeitures</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 71
Receivables:								
Intergovernmental								
Due from other funds		49	6		25	5	4	
Inventory								
Prepaid items								
Total Assets	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 71</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$	\$ 5	\$	\$	\$	\$	\$	\$
Due to other funds	4							
Unearned revenue								
Total liabilities	<u>4</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:								
Nonspendable								
Restricted							4	71
Committed		44	6		25	5		
Unassigned	(4)							
Total fund balance	<u>(4)</u>	<u>44</u>	<u>6</u>	<u>-</u>	<u>25</u>	<u>5</u>	<u>4</u>	<u>71</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 71</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2017
 (In Thousands)**

	<u>Covanta</u>	<u>CRR Distribution</u>	<u>Historic Document Preservation Grant</u>	<u>Recreation Department Programs</u>	<u>Public Health Grants</u>	<u>EMP Grant</u>	<u>Summer Youth Employment</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$
Receivables:							
Intergovernmental							
Due from other funds	117	5,193	59	318	1	17	
Inventory				18			
Prepaid items							
Total Assets	\$ 117	\$ 5,193	\$ 59	\$ 336	\$ 1	\$ 17	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$	\$ 338	\$	\$ 9	\$ 1	\$ 2	\$
Due to other funds							
Unearned revenue	32			327		15	
Total liabilities	32	338	-	336	1	17	-
Fund Balance:							
Nonspendable				18			
Restricted			59				
Committed	85	4,855					
Unassigned				(18)			
Total fund balance	85	4,855	59	-	-	-	-
Total Liabilities and Fund Balances	\$ 117	\$ 5,193	\$ 59	\$ 336	\$ 1	\$ 17	\$ -

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2017
 (In Thousands)**

	<u>Miscellaneous Grants and Donations</u>	<u>Education Trust</u>	<u>Dog Pound Trust</u>	<u>Robert Biondino</u>	<u>Irving H. Prageman</u>	<u>Charles R. Clulee</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$ 10	\$	\$ 60	\$ 2	\$ 404
Receivables:							
Intergovernmental							125
Due from other funds	78						6,789
Inventory							23
Prepaid items							18
Total Assets	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 2</u>	<u>\$ 7,359</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 1	\$	\$	\$	\$	\$	\$ 575
Due to other funds							4
Unearned revenue							404
Total liabilities	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>983</u>
Fund Balance:							
Nonspendable							41
Restricted							844
Committed	77		10		60	2	5,513
Unassigned							(22)
Total fund balance	<u>77</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>60</u>	<u>2</u>	<u>6,376</u>
Total Liabilities and Fund Balances	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 2</u>	<u>\$ 7,359</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017
 (In Thousands)**

	<u>Educational Grants and Programs</u>	<u>School Cafeteria</u>	<u>Town Aid Road</u>	<u>LOCIP Grants</u>	<u>Spanish Community of Wallingford SCOW Grant 148-HRD</u>	<u>Spanish Community of Wallingford SCOW Grant 148-HHD</u>	<u>Small Cities</u>	<u>Wallingford 350</u>
Revenues:								
Intergovernmental	\$ 5,080	\$ 733	\$ 541	\$ -	\$ 42	\$ 74	\$ 531	\$ -
Charges for services	1,270	1,033						
Other revenue	271							6
Total revenues	<u>6,621</u>	<u>1,766</u>	<u>541</u>	<u>-</u>	<u>42</u>	<u>74</u>	<u>531</u>	<u>6</u>
Expenditures:								
Current:								
General government								12
Public safety								
Public works			663				531	
Health and social services					42	74		
Parks and recreation								
Education	6,702	1,753						
Capital outlay								
Total expenditures	<u>6,702</u>	<u>1,753</u>	<u>663</u>	<u>-</u>	<u>42</u>	<u>74</u>	<u>531</u>	<u>12</u>
Excess (deficiency) of revenues over expenditures	<u>(81)</u>	<u>13</u>	<u>(122)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6)</u>
Other financing sources (uses):								
Transfers in								7
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
Net change in fund balance	(81)	13	(122)	-	-	-	-	1
Fund balance, beginning of year	<u>662</u>	<u>353</u>	<u>251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 581</u>	<u>\$ 366</u>	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017
 (In Thousands)**

	<u>Central Dispatch</u>	<u>Open Space Resource Management</u>	<u>Meals on Wheels</u>	<u>Child Day Care Grant</u>	<u>Youth Services Donations</u>	<u>Young Astronauts Club</u>	<u>Council on Substance Abuse Grant</u>	<u>Narcotics Forfeitures</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$ 474	\$	\$	\$ 7	\$ 10
Charges for services		17						
Other revenue	4				42	24	17	
Total revenues	<u>4</u>	<u>17</u>	<u>-</u>	<u>474</u>	<u>42</u>	<u>24</u>	<u>24</u>	<u>10</u>
Expenditures:								
Current:								
General government		5						
Public safety								
Public works								
Health and social services				474	41	33	22	
Parks and recreation								
Education								
Capital outlay								
Total expenditures	<u>-</u>	<u>5</u>	<u>-</u>	<u>474</u>	<u>41</u>	<u>33</u>	<u>22</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>4</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>(9)</u>	<u>2</u>	<u>10</u>
Other financing sources (uses):								
Transfers in								
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4	12	-	-	1	(9)	2	10
Fund balance, beginning of year	<u>(8)</u>	<u>32</u>	<u>6</u>	<u>-</u>	<u>24</u>	<u>14</u>	<u>2</u>	<u>61</u>
Fund Balance, End of Year	<u>\$ (4)</u>	<u>\$ 44</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 71</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017
 (In Thousands)**

	<u>Covanta</u>	<u>CRRA Distribution</u>	<u>Historic Document Preservation Grant</u>	<u>Recreation Department Programs</u>	<u>Public Health Grants</u>	<u>EMP Grant</u>	<u>Summer Youth Employment</u>	<u>Miscellaneous Grants and Donations</u>
Revenues:								
Intergovernmental	\$	\$	\$ 5	\$	\$ 7	\$ 22	\$ 41	\$ 14
Charges for services			10	960				
Other revenue	62						5	51
Total revenues	<u>62</u>	<u>-</u>	<u>15</u>	<u>960</u>	<u>7</u>	<u>22</u>	<u>46</u>	<u>65</u>
Expenditures:								
Current:								
General government			16					
Public safety						22		16
Public works	18							
Health and social services					7		46	17
Parks and recreation				861				
Education								
Capital outlay		797						
Total expenditures	<u>18</u>	<u>797</u>	<u>16</u>	<u>861</u>	<u>7</u>	<u>22</u>	<u>46</u>	<u>33</u>
Excess (deficiency) of revenues over expenditures	<u>44</u>	<u>(797)</u>	<u>(1)</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32</u>
Other financing sources (uses):								
Transfers in								
Transfers out		(448)		(99)				
Total other financing sources (uses)	<u>-</u>	<u>(448)</u>	<u>-</u>	<u>(99)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	44	(1,245)	(1)	-	-	-	-	32
Fund balance, beginning of year	41	6,100	60	-	-	-	-	45
Fund Balance, End of Year	<u>\$ 85</u>	<u>\$ 4,855</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2017
 (In Thousands)**

	<u>Education Trust</u>	<u>Dog Pound Trust</u>	<u>Robert Biondino</u>	<u>Irving H. Prageman</u>	<u>Charles R. Clulee</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Revenues:							
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ 7,581
Charges for services							3,290
Other revenue		9		20			511
Total revenues	<u>-</u>	<u>9</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>11,382</u>
Expenditures:							
Current:							
General government							33
Public safety		14					52
Public works							1,212
Health and social services							756
Parks and recreation				3			864
Education	4						8,459
Capital outlay							797
Total expenditures	<u>4</u>	<u>14</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>12,173</u>
Excess (deficiency) of revenues over expenditures	<u>(4)</u>	<u>(5)</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>(791)</u>
Other financing sources (uses):							
Transfers in	4						11
Transfers out			(1)				(548)
Total other financing sources (uses)	<u>4</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(537)</u>
Net change in fund balance	-	(5)	(1)	17	-	-	(1,328)
Fund balance, beginning of year	<u>-</u>	<u>15</u>	<u>1</u>	<u>43</u>	<u>2</u>	<u>-</u>	<u>7,704</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 6,376</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
 JUNE 30, 2017
 (In Thousands)**

	Quinnipiac Linear Trail	School Renovations	Vernon E. Cleaves Vo-ag Center	School Roof Projects	Transfer Station	North Farms Fire Station	BOE Asbestos Station	BOE Capital Projects	BOE Projects CRRA	Lyman Hall Track	WSW Project Reserve	Property Purchase	Northford Road	Center Street Cemetery	Total
ASSETS															
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	2,027	\$	\$	\$	\$ 2,027
Receivables:															
Intergovernmental				910											910
Interest receivable										2					2
Due from other funds	715				35		21		476						1,247
Total Assets	\$ 715	\$ -	\$ -	\$ 910	\$ 35	\$ -	\$ 21	\$ -	\$ 476	\$ -	\$ 2,029	\$ -	\$ -	\$ -	\$ 4,186
LIABILITIES AND FUND BALANCE															
Liabilities:															
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$ 126	\$ 30	\$	\$	\$	\$	\$ 12	\$	\$ 168
Due to other funds		2,879	1,610	1,373		4,250		405		265			27	192	11,001
Other liabilities											1,481				1,481
Total liabilities	-	2,879	1,610	1,373	-	4,250	-	531	30	265	1,481	-	39	192	12,650
Fund balance:															
Committed	715				35		21		446		548				1,765
Unassigned		(2,879)	(1,610)	(463)		(4,250)		(531)		(265)			(39)	(192)	(10,229)
Total fund balance	715	(2,879)	(1,610)	(463)	35	(4,250)	21	(531)	446	(265)	548	-	(39)	(192)	(8,464)
Total Liabilities and Fund Balance	\$ 715	\$ -	\$ -	\$ 910	\$ 35	\$ -	\$ 21	\$ -	\$ 476	\$ -	\$ 2,029	\$ -	\$ -	\$ -	\$ 4,186

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017
 (In Thousands)**

	Quinnipiac Linear Trail	School Renovations	Vernon E. Cleaves Vo-ag Center	School Roof Projects	Transfer Station	North Farms Fire Station	BOE Asbestos Station	BOE Capital Projects	BOE Projects CRRRA	Lyman Hall Track	WSW Project Reserve	Property Purchase	Northford Road	Center Street Cemetery	Total
Revenues:															
Intergovernmental revenues	\$ 992	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 141	\$ 1,133
Other revenue											3				3
Total revenues	992	-	-	-	-	-	-	-	-	-	3	-	-	141	1,136
Expenditures:															
Capital outlay	154				2	458		528	172	300			39	232	1,885
Excess (deficiency) of revenues over expenditures	838	-	-	-	(2)	(458)	-	(528)	(172)	(300)	3	-	(39)	(91)	(749)
Other financing sources:															
Transfers in		239				272			176						687
Net change in fund balances	838	239			(2)	(186)	-	(528)	4	(300)	3	-	(39)	(91)	(62)
Fund balance, beginning of year	(123)	(3,118)	(1,610)	(463)	37	(4,064)	21	(3)	442	35	545	-	-	(101)	(8,402)
Fund Balance, End of Year	\$ 715	\$ (2,879)	\$ (1,610)	\$ (463)	\$ 35	\$ (4,250)	\$ 21	\$ (531)	\$ 446	\$ (265)	\$ 548	\$ -	\$ (39)	\$ (192)	\$ (8,464)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2017
 (In Thousands)**

	<u>Charles B. Yale Fund #1</u>	<u>Charles B. Yale Fund #2</u>	<u>Edwin H. Brown Fund</u>	<u>Harrison Park Fund</u>	<u>William P. Dorsey Fund</u>	<u>Anna M. Fredericks Fund</u>	<u>Alice Kelly Memorial Fund</u>	<u>Walters Memorial Fund</u>
ASSETS								
Cash and cash equivalents	\$ <u>10</u>	\$ <u>30</u>	\$ <u>5</u>	\$ <u>1</u>	\$ <u>5</u>	\$ <u>5</u>	\$ <u>17</u>	\$ <u>1</u>
LIABILITIES AND FUND BALANCE								
Fund balance:								
Reserved for trusts	\$ <u>10</u>	\$ <u>30</u>	\$ <u>5</u>	\$ <u>1</u>	\$ <u>5</u>	\$ <u>5</u>	\$ <u>17</u>	\$ <u>1</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2017
 (In Thousands)**

	<u>Polish American Veterans Scholarship Fund</u>	<u>Judge Francis R. Sabota Memorial Trust Fund</u>	<u>Patrick M. Wall Memorial Scholarship Fund</u>	<u>Jerry Lehmann Memorial Scholarship Fund</u>	<u>Ortense Memorial Lyman High Scholarship Fund</u>	<u>Ortense Memorial Sheehan High Scholarship Fund</u>	<u>Dog Pound Trust Fund</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ <u>37</u>	\$ <u>26</u>	\$ <u>5</u>	\$ <u>4</u>	\$ <u>270</u>	\$ <u>270</u>	\$ <u>707</u>	\$ <u>1,393</u>
LIABILITIES AND FUND BALANCE								
Fund balance:								
Reserved for trusts	\$ <u>37</u>	\$ <u>26</u>	\$ <u>5</u>	\$ <u>4</u>	\$ <u>270</u>	\$ <u>270</u>	\$ <u>707</u>	\$ <u>1,393</u>

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	<u>Charles B. Yale Fund #1</u>	<u>Charles B. Yale Fund #2</u>	<u>Edwin H. Brown Fund</u>	<u>Harrison Park Fund</u>	<u>William P. Dorsey Fund</u>	<u>Anna M. Fredericks Fund</u>	<u>Alice Kelly Memorial Fund</u>	<u>Walters Memorial Fund</u>
Revenues:								
Investment income	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue - donations								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:								
Transfers out							(1)	
Net change in fund balances	-	-	-	-	-	-	(1)	-
Fund balance, beginning of year	<u>10</u>	<u>30</u>	<u>5</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>18</u>	<u>1</u>
Fund Balance, End of Year	<u>\$ 10</u>	<u>\$ 30</u>	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 17</u>	<u>\$ 1</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	<u>Polish American Veterans Scholarship Fund</u>	<u>Judge Francis R. Sabota Memorial Trust Fund</u>	<u>Patrick M. Wall Memorial Scholarship Fund</u>	<u>Jerry Lehmann Memorial Scholarship Fund</u>	<u>Ortense Memorial Lyman High Scholarship Fund</u>	<u>Ortense Memorial Sheehan High Scholarship Fund</u>	<u>Dog Pound Trust Fund</u>	<u>Total</u>
Revenues:								
Investment income	\$	\$	\$	\$	\$ 1	\$ 1	\$ 2	\$ 4
Other revenue - donations							36	36
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>38</u>	<u>40</u>
Other financing uses:								
Transfers out					(1)	(1)		(3)
Net change in fund balances	-	-	-	-	-	-	38	37
Fund balance, beginning of year	<u>37</u>	<u>26</u>	<u>5</u>	<u>4</u>	<u>270</u>	<u>270</u>	<u>669</u>	<u>1,356</u>
Fund Balance, End of Year	<u>\$ 37</u>	<u>\$ 26</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 270</u>	<u>\$ 270</u>	<u>\$ 707</u>	<u>\$ 1,393</u>

Enterprise Funds

ENTERPRISE FUNDS

Enterprise funds are used to account for the operations of the Electric Division, Water Division, and Sewer Division that provide services to residents of the Town funded primarily by user fees.

Exhibits C-1, C-2, C-3 and C-4 display the following for the Electric, Water and Sewer Divisions as well as the EMS Transport Fund:

1. Original budget
2. Amended budget
3. Actual results of operations
4. Variance to amended budget

**TOWN OF WALLINGFORD, CONNECTICUT
ELECTRIC DIVISION
SCHEDULE OF REVENUES, EXPENSES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 71,130	\$ 71,130	\$ 68,129	\$ (3,001)
Late payment charges	564	564	482	(82)
Other	67	67	132	65
Total operating revenues	<u>71,761</u>	<u>71,761</u>	<u>68,743</u>	<u>(3,018)</u>
Operating expenses:				
Operating expenses	65,397	65,990	62,640	3,350
Depreciation and amortization expense	3,561	3,562	3,458	104
Gross earnings and property tax	1,918	1,918	1,908	10
Total operating expenses	<u>70,876</u>	<u>71,470</u>	<u>68,006</u>	<u>3,464</u>
Operating income (loss)	<u>885</u>	<u>291</u>	<u>737</u>	<u>446</u>
Nonoperating income (loss):				
Gain on disposal of assets	15	15	37	22
Loss on disposal of assets	(60)	(60)	(57)	3
Lease income	1,077	1,077	1,077	-
Investment and interest income	107	107	110	3
Interest expense on customer deposits	(18)	(18)	(10)	8
Other nonoperating revenues	640	640	398	(242)
Other nonoperating expenses	(127)	(127)	(100)	27
Net nonoperating income	<u>1,634</u>	<u>1,634</u>	<u>1,455</u>	<u>(179)</u>
Income before transfers	2,519	1,925	2,192	267
Transfers to other funds:				
General Fund	<u>(1,890)</u>	<u>(1,890)</u>	<u>(1,890)</u>	<u>-</u>
Net Income (Loss)	<u>\$ 629</u>	<u>\$ 35</u>	<u>\$ 302</u>	<u>\$ 267</u>

**TOWN OF WALLINGFORD, CONNECTICUT
WATER DIVISION
SCHEDULE OF REVENUES, EXPENSES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Amended Budget</u>		
Operating revenues:				
Charges for services	\$ <u>7,554</u>	\$ <u>7,554</u>	\$ <u>7,932</u>	\$ <u>378</u>
Operating expenses:				
Operating expenses	<u>5,484</u>	<u>5,655</u>	<u>4,880</u>	<u>775</u>
Depreciation expense	<u>1,880</u>	<u>1,880</u>	<u>1,821</u>	<u>59</u>
Total operating expenses	<u>7,364</u>	<u>7,535</u>	<u>6,701</u>	<u>834</u>
Operating income (loss)	<u>190</u>	<u>19</u>	<u>1,231</u>	<u>1,212</u>
Nonoperating income (loss):				
Capital grants and contributions	242	242	312	70
Lease income	138	138	142	4
Interest and amortization expense	(105)	(105)	(104)	1
Investment and interest income	74	74	118	44
Other nonoperating revenues	<u>147</u>	<u>147</u>	<u>96</u>	<u>(51)</u>
Net nonoperating income	<u>496</u>	<u>496</u>	<u>564</u>	<u>68</u>
Net Income (Loss)	\$ <u><u>686</u></u>	\$ <u><u>515</u></u>	\$ <u><u>1,795</u></u>	\$ <u><u>1,280</u></u>

**TOWN OF WALLINGFORD, CONNECTICUT
SEWER DIVISION
SCHEDULE OF REVENUES, EXPENSES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Amended Budget</u>		
Operating revenues:				
Charges for services	\$ <u>6,825</u>	\$ <u>6,825</u>	\$ <u>6,920</u>	\$ <u>95</u>
Operating expenses:				
Operating expenses	<u>5,850</u>	<u>5,885</u>	<u>5,293</u>	<u>592</u>
Depreciation expense	<u>2,251</u>	<u>2,251</u>	<u>2,042</u>	<u>209</u>
Total operating expenses	<u>8,101</u>	<u>8,136</u>	<u>7,335</u>	<u>801</u>
Operating income (loss)	<u>(1,276)</u>	<u>(1,311)</u>	<u>(415)</u>	<u>896</u>
Nonoperating income (loss):				
Capital grants and contributions	100	100	30	(70)
Other nonoperating revenues	298	298	242	(56)
Interest and amortization expense	(19)	(19)	(19)	-
Investment and interest income	<u>95</u>	<u>95</u>	<u>138</u>	<u>43</u>
Net nonoperating income	<u>474</u>	<u>474</u>	<u>391</u>	<u>(83)</u>
Net Income (Loss)	\$ <u><u>(802)</u></u>	\$ <u><u>(837)</u></u>	\$ <u><u>(24)</u></u>	\$ <u><u>813</u></u>

**TOWN OF WALLINGFORD, CONNECTICUT
EMS TRANSPORT FUND
SCHEDULE OF REVENUES, EXPENSES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Amended Budget</u>		
Operating revenues:				
Charges for services	\$ <u>2,008</u>	\$ <u>2,008</u>	\$ <u>2,132</u>	\$ <u>124</u>
Operating expenses:				
Operating expenses	<u>1,939</u>	<u>1,939</u>	<u>1,302</u>	<u>637</u>
Depreciation expense	<u>130</u>	<u>130</u>	<u>125</u>	<u>5</u>
Total operating expenses	<u>2,069</u>	<u>2,069</u>	<u>1,427</u>	<u>642</u>
Operating income (loss)	<u>(61)</u>	<u>(61)</u>	<u>705</u>	<u>766</u>
Nonoperating income (loss):				
Other nonoperating revenues	<u>1</u>	<u>1</u>		<u>(1)</u>
Operating Transfer In	<u>197</u>	<u>197</u>	<u>197</u>	<u>-</u>
Net nonoperating income	<u>198</u>	<u>198</u>	<u>197</u>	<u>(1)</u>
Net Income (Loss)	\$ <u><u>137</u></u>	\$ <u><u>137</u></u>	\$ <u><u>902</u></u>	\$ <u><u>765</u></u>

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health Benefits Fund - to provide reserves needed to support health benefit costs.

Workers' Compensation Fund - to provide reserves needed to support workers' compensation claims.

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2017
 (In Thousands)**

	<u>Health Benefits Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Assets:			
Accounts receivable	\$ 173	\$	\$ 173
Due from other funds	<u>5,853</u>	<u>1,400</u>	<u>7,253</u>
Total assets	6,026	1,400	7,426
Liabilities:			
Accounts Payable		1	1
Risk management claims	<u>1,959</u>	<u>1,503</u>	<u>3,462</u>
Total Liabilities	1,959	1,504	3,463
Net Position:			
Unrestricted	<u>4,067</u>	<u>(104)</u>	<u>3,963</u>
Total Net Position	<u>\$ 4,067</u>	<u>\$ (104)</u>	<u>\$ 3,963</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017
 (In Thousands)**

	<u>Health Benefits Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Operating revenues:			
Fund premiums	\$ 24,633	\$ 2,183	\$ 26,816
Operating expenses:			
Employee benefits	22,154	1,784	23,938
Other	2,319		2,319
Total operating expenses	<u>24,473</u>	<u>1,784</u>	<u>26,257</u>
Operating income (loss)	160	399	559
Net position, beginning of year	<u>3,907</u>	<u>(503)</u>	<u>3,404</u>
Net Position, End of Year	<u>\$ 4,067</u>	<u>\$ (104)</u>	<u>\$ 3,963</u>

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	Health Benefits Fund	Workers' Compensation Fund	Total
Cash flows from operating activities			
Cash received from operations	\$ 24,295	\$ 1,783	\$ 26,078
Cash payments to vendors and others	(24,295)	(1,783)	(26,078)
Net cash provided by (used in) operating activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and Cash Equivalents, End of Year	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 160	\$ 399	\$ 559
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Decrease (increase) in accounts receivable	4	23	27
Increase (decrease) in accounts payable and accrued expenses	178	1	179
Decrease (increase) in due from other funds	(342)	(423)	(765)
Net Cash Provided by (Used in) Operating Activities	\$ -	\$ -	\$ -

Fiduciary Funds

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held in a trustee capacity for others and include Trust Funds and Agency Funds.

Trust Funds are used for the accumulation of resources and are to be used for retirement payments and for payments of healthcare benefits for retired employees.

The Town's Trust Funds are listed below:

Consolidated Pension Fund
Volunteer Firefighter's Pension Fund

Agency Funds utilize the accrual basis of accounting. Agency Funds are custodial in nature (assets equal liabilities) and are used to account for school activities and developers' escrow.

The Town's Agency Funds are listed below:

School Activity Fund
Developers' Escrow Fund

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS
JUNE 30, 2017
(In Thousands)

	<u>Consolidated Pension Fund</u>	<u>Volunteer Firefighter's Pension Fund</u>	<u>Interfund Eliminations</u>	<u>Total Pension Trust Funds</u>
Assets:				
Cash and cash equivalents	\$ 983	\$ 22	\$	\$ 1,005
Investments:				
Mutual funds	193,044			193,044
Due from other funds		1,313	(1,313)	-
Total assets	<u>194,027</u>	<u>1,335</u>	<u>(1,313)</u>	<u>194,049</u>
Liabilities:				
Accounts and other payables	15			15
Due to other funds	1,413	(96)	(1,313)	4
Total liabilities	<u>1,428</u>	<u>(96)</u>	<u>(1,313)</u>	<u>19</u>
Net Position:				
Restricted for pensions	<u>\$ 192,599</u>	<u>\$ 1,431</u>	<u>\$ -</u>	<u>\$ 194,030</u>

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	<u>Consolidated Pension Fund</u>	<u>Volunteer Firefighter's Pension Fund</u>	<u>Total Pension Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 8,639	\$ 43	\$ 8,682
Plan members	2,797		2,797
Total contributions	<u>11,436</u>	<u>43</u>	<u>11,479</u>
Investment income (loss):			
Net change in fair value of investments	19,375	178	19,553
Interest and dividends	3,719		3,719
Other income	80		80
Investment fee expense	(24)		(24)
Total investment income	<u>23,150</u>	<u>178</u>	<u>23,328</u>
Total additions	<u>34,586</u>	<u>221</u>	<u>34,807</u>
Deductions:			
Benefits	13,814	62	13,876
Refunds of contributions	152		152
Administration	97		97
Total deductions	<u>14,063</u>	<u>62</u>	<u>14,125</u>
Change in net position	20,523	159	20,682
Net position restricted for pension, beginning of year	<u>172,076</u>	<u>1,272</u>	<u>173,348</u>
Net position restricted for pension, end of year	<u>\$ 192,599</u>	<u>\$ 1,431</u>	<u>\$ 194,030</u>

TOWN OF WALLINGFORD, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
School Activities				
Assets:				
Cash and cash equivalents	\$ 581	\$ 1,461	\$ 1,429	\$ 613
Investments	<u>70</u>	<u> </u>	<u> </u>	<u>70</u>
Total Assets	<u>\$ 651</u>	<u>\$ 1,461</u>	<u>\$ 1,429</u>	<u>\$ 683</u>
Liabilities:				
Due to student groups and agencies	<u>\$ 651</u>	<u>\$ 1,461</u>	<u>\$ 1,429</u>	<u>\$ 683</u>
Developers' Escrow Fund				
Assets:				
Cash and cash equivalents	<u>\$ 371</u>	<u>\$ 68</u>	<u>\$ 69</u>	<u>\$ 370</u>
Liabilities:				
Due to student groups and agencies	<u>\$ 371</u>	<u>\$ 68</u>	<u>\$ 69</u>	<u>\$ 370</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 952	\$ 1,529	\$ 1,498	\$ 983
Investments	<u>70</u>	<u> </u>	<u> </u>	<u>70</u>
Total Assets	<u>\$ 1,022</u>	<u>\$ 1,529</u>	<u>\$ 1,498</u>	<u>\$ 1,053</u>
Liabilities:				
Due to student groups and agencies	<u>\$ 1,022</u>	<u>\$ 1,529</u>	<u>\$ 1,498</u>	<u>\$ 1,053</u>

Supplementary Data

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN BONDS AND SERIAL NOTES
FOR THE YEAR ENDED JUNE 30, 2017
(In Thousands)**

Description	Date of Issue	Maturity Date	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2016	Issued	Retired	Balance Outstanding June 30, 2017
General:								
General Purpose:								
Library and Land Acquisition (2007 & 2008 Refunding)	08/27/15	03/15/27	2.00-5.00	\$ 6,424	\$ 6,406	\$ -	\$ 792	\$ 5,614
Tyler Mill Property Purchase	10/01/15	10/15/35	2.00-4.00	305	305	-	65	240
Total					<u>6,711</u>	<u>-</u>	<u>857</u>	<u>5,854</u>
Schools:								
Schools	05/15/11	05/15/31	1.75-3.75	1,440	745	-	150	595
Schools (2003 & 2005 Refunding)	03/15/12	03/15/25	2.00-4.00	15,190	11,940	-	1,385	10,555
Schools (2007 & 2008 Refunding)	08/27/15	03/15/27	2.00-5.00	4,606	4,594	-	513	4,081
School Roof Program	10/01/15	10/15/35	2.00-4.00	7,200	7,200	-	360	6,840
Lyman Hall Track & Field	10/01/15	10/15/35	2.00-4.00	2,000	2,000	-	100	1,900
School System CIP Phase I	10/01/15	10/15/35	2.00-4.00	1,120	1,120	-	95	1,025
Total					<u>27,599</u>	<u>-</u>	<u>2,603</u>	<u>24,996</u>
Total Bond Indebtedness					<u>\$ 34,310</u>	<u>\$ -</u>	<u>\$ 3,460</u>	<u>\$ 30,850</u>
Business-Type Activities:								
Water Division:								
Water Supply Project - (Refunding of 2000)	03/19/09	03/19/19	2.50-5.00	1,550	\$ 435	\$ -	\$ 135	\$ 300
McKenzie Reservoir	05/15/11	05/15/31	1.75-3.75	2,820	2,335	-	155	2,180
Pistapaug Water Tank	10/01/15	10/15/25	2.00-4.00	680	680	-	70	610
Total					<u>3,450</u>	<u>-</u>	<u>360</u>	<u>3,090</u>
Sewer Division:								
Sewer Pump Station - Durham Road	12/01/97	06/15/17	4.00-6.00	1,330	65	-	65	-
State of Connecticut - Serial Note 479-C	08/11/05	07/01/25	2.00	1,997	911	-	100	811
Total					<u>976</u>	<u>-</u>	<u>165</u>	<u>811</u>
Total Bond Indebtedness					<u>\$ 4,426</u>	<u>\$ -</u>	<u>\$ 525</u>	<u>\$ 3,901</u>

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF WALLINGFORD, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities:										
Net investments in capital assets	\$ 208,663	\$ 208,853	\$ 212,475	\$ 213,199	\$ 204,447	\$ 203,115	\$ 199,247	\$ 202,934	\$ 191,533	\$ 173,488
Restricted	1,465	1,417	1,407	1,401	1,462	1,479	1,492	1,480	1,463	1,492
Unrestricted	(33,221)	(28,945)	(37,647)	7,141	13,464	12,412	13,911	8,583	15,923	11,871
Total governmental activities net position	<u>176,907</u>	<u>181,325</u>	<u>176,235</u>	<u>221,741</u>	<u>219,373</u>	<u>217,006</u>	<u>214,650</u>	<u>212,997</u>	<u>208,919</u>	<u>186,851</u>
Business-type activities:										
Net investments in capital assets	97,293	97,908	98,653	99,734	101,150	103,893	104,863	108,381	107,417	107,093
Restricted	515	608	1,436	1,579	514	82	526	320	320	320
Unrestricted	41,246	37,563	41,363	41,236	39,788	34,502	33,447	28,354	27,540	27,892
Total business-type activities net position	<u>139,054</u>	<u>136,079</u>	<u>141,452</u>	<u>142,549</u>	<u>141,452</u>	<u>138,477</u>	<u>138,836</u>	<u>137,055</u>	<u>135,277</u>	<u>135,305</u>
Primary government:										
Net investment in capital assets	305,956	306,761	311,128	312,933	305,597	307,008	304,110	311,315	298,950	280,581
Restricted	1,980	2,025	2,843	2,980	1,976	1,561	2,018	1,800	1,783	1,812
Unrestricted	8,025	8,618	3,716	48,377	53,252	46,914	47,358	36,937	43,463	39,763
Total Primary Government Net Position	<u>\$ 315,961</u>	<u>\$ 317,404</u>	<u>\$ 317,687</u>	<u>\$ 364,290</u>	<u>\$ 360,825</u>	<u>\$ 355,483</u>	<u>\$ 353,486</u>	<u>\$ 350,052</u>	<u>\$ 344,196</u>	<u>\$ 322,156</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

TABLE 2

**TOWN OF WALLINGFORD, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses:										
Governmental activities:										
General government	\$ 25,590	\$ 24,766	\$ 25,674	\$ 22,956	\$ 21,701	\$ 21,756	\$ 22,377	\$ 18,458	\$ 19,533	\$ 18,125
Public safety	17,873	12,961	15,653	15,435	14,539	15,889	16,200	14,872	15,063	14,389
Public works	10,279	9,316	9,633	9,988	10,168	8,510	10,761	8,262	9,253	8,656
Health and social services	2,782	2,515	2,679	2,616	2,443	2,449	2,458	2,796	2,830	2,848
Parks and recreation	2,339	2,433	2,314	2,286	2,218	2,233	2,152	2,165	2,151	1,828
Education	132,065	120,828	114,748	116,567	112,888	112,507	108,554	108,550	103,471	123,943
Interest on long-term debt	1,034	1,140	1,122	1,229	1,293	1,699	1,672	1,863	2,162	1,970
Total governmental activities expenses	<u>191,962</u>	<u>173,959</u>	<u>171,823</u>	<u>171,077</u>	<u>165,250</u>	<u>165,043</u>	<u>164,174</u>	<u>156,966</u>	<u>154,463</u>	<u>171,759</u>
Business-type activities:										
Electric	68,136	73,788	68,089	71,476	69,214	73,785	75,861	74,692	69,586	66,212
Water	6,805	9,032	7,113	7,191	6,954	6,907	6,367	6,113	6,088	5,973
Sewer	7,354	8,157	7,530	7,155	7,173	6,901	6,877	6,276	6,620	6,335
EMS Transport	1,427	1,721	1,741	1,681	1,818					
Total business-type activities expenses	<u>83,722</u>	<u>92,698</u>	<u>84,473</u>	<u>87,503</u>	<u>85,159</u>	<u>87,593</u>	<u>89,105</u>	<u>87,081</u>	<u>82,294</u>	<u>78,520</u>
Total expenses	<u>275,684</u>	<u>266,657</u>	<u>256,296</u>	<u>258,580</u>	<u>250,409</u>	<u>252,636</u>	<u>253,279</u>	<u>244,047</u>	<u>236,757</u>	<u>250,279</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	836	2,068	1,781	1,805	1,702	2,067	2,849	2,451	2,501	2,817
Public safety	1,780	969	808	571	1,127	1,414	1,583	1,407	1,137	1,079
Education	3,551	2,592	2,459	2,519	2,932	2,935	4,348	4,470	4,283	4,111
Other	1,024	1,005	977	946	1,127	1,094	887	849	837	804
Operating grants and contributions	48,390	41,599	40,847	43,067	40,322	42,068	36,826	36,232	42,288	59,048
Capital grants and contributions	2,675	4,228	730	6,468	2,763	3,232	2,231	6,745	17,721	4,246
Total governmental activities program revenues	<u>58,256</u>	<u>52,461</u>	<u>47,602</u>	<u>55,376</u>	<u>49,973</u>	<u>52,810</u>	<u>48,724</u>	<u>52,154</u>	<u>68,767</u>	<u>72,105</u>
Business-type activities:										
Charges for services:										
Electric	69,141	69,681	71,443	72,621	73,583	74,259	77,908	77,769	71,276	71,369
Water	8,028	7,904	7,766	7,186	6,311	6,906	6,935	6,059	6,186	6,148
Sewer	7,162	7,123	7,125	7,152	6,481	6,516	6,142	5,153	5,006	5,038
EMS Transport	2,132	2,130	2,075	2,067	2,034					
Capital grants and contributions	342	762	260	91	437	292	691	813	349	133
Total business-type activities program revenues	<u>86,805</u>	<u>87,600</u>	<u>88,669</u>	<u>89,117</u>	<u>88,846</u>	<u>87,973</u>	<u>91,676</u>	<u>89,794</u>	<u>82,817</u>	<u>82,688</u>
Total program revenues	<u>145,061</u>	<u>140,061</u>	<u>136,271</u>	<u>144,493</u>	<u>138,819</u>	<u>140,783</u>	<u>140,400</u>	<u>141,948</u>	<u>151,584</u>	<u>154,793</u>

**TOWN OF WALLINGFORD, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net (expense) revenue:										
Governmental activities	\$ (133,706)	\$ (121,498)	\$ (124,221)	\$ (115,701)	\$ (115,277)	\$ (112,233)	\$ (115,450)	\$ (104,812)	\$ (85,696)	\$ (99,654)
Business-type activities	3,083	(5,098)	4,196	1,614	3,687	380	2,571	2,713	523	4,168
Total net cost of services	<u>(130,623)</u>	<u>(126,596)</u>	<u>(120,025)</u>	<u>(114,087)</u>	<u>(111,590)</u>	<u>(111,853)</u>	<u>(112,879)</u>	<u>(102,099)</u>	<u>(85,173)</u>	<u>(95,486)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	118,474	118,771	115,619	110,529	109,808	106,499	105,189	100,937	99,211	93,663
Grants and contributions not restricted to specific programs	6,455	5,714	5,820	5,416	5,613	4,211	4,394	5,423	5,600	5,484
Unrestricted investment earnings	296	187	141	93	88	108	114	279	660	1,232
Other general revenues	2,370	243	377	369	275	1,906	5,529	286	311	357
Transfers	1,693	1,673	1,746	1,662	1,860	1,865	1,877	1,965	1,982	2,071
Total governmental activities	<u>129,288</u>	<u>126,588</u>	<u>123,703</u>	<u>118,069</u>	<u>117,644</u>	<u>114,589</u>	<u>117,103</u>	<u>108,890</u>	<u>107,764</u>	<u>102,807</u>
Business-type activities:										
Unrestricted investment earnings	366	225	183	186	206	199	156	150	566	997
Other general revenues	1,219	1,173	1,065	959	942	927	931	880	865	771
Transfers	(1,693)	(1,673)	(1,746)	(1,662)	(1,860)	(1,865)	(1,877)	(1,965)	(1,982)	(2,071)
Total business-type activities	<u>(108)</u>	<u>(275)</u>	<u>(498)</u>	<u>(517)</u>	<u>(712)</u>	<u>(739)</u>	<u>(790)</u>	<u>(935)</u>	<u>(551)</u>	<u>(303)</u>
Total general revenues and other charges	<u>129,180</u>	<u>126,313</u>	<u>123,205</u>	<u>117,552</u>	<u>116,932</u>	<u>113,850</u>	<u>116,313</u>	<u>107,955</u>	<u>107,213</u>	<u>102,504</u>
Changes in Net Position:										
Governmental activities	(4,418)	5,090	(518)	2,368	2,367	2,356	1,653	4,078	22,068	3,153
Business-type activities	2,975	(5,373)	3,698	1,097	2,975	(359)	1,781	1,778	(28)	3,865
Total	<u>\$ (1,443)</u>	<u>\$ (283)</u>	<u>\$ 3,180</u>	<u>\$ 3,465</u>	<u>\$ 5,342</u>	<u>\$ 1,997</u>	<u>\$ 3,434</u>	<u>\$ 5,856</u>	<u>\$ 22,040</u>	<u>\$ 7,018</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

TABLE 3

**TOWN OF WALLINGFORD, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 1,130	\$ 2,731	\$ 852
Unreserved								19,161	17,966	19,510
Nonspendable	143	126			2	4	15			
Committed	1,693	1,517	2,889	1,858	911	295	244			
Assigned	7,335	5,098	4,871	4,869	5,626	6,008	5,906			
Unassigned	18,659	22,509	19,811	18,837	18,265	16,337	14,797			
Total General Fund	<u>\$ 27,830</u>	<u>\$ 29,250</u>	<u>\$ 27,571</u>	<u>\$ 25,564</u>	<u>\$ 24,804</u>	<u>\$ 22,644</u>	<u>\$ 20,962</u>	<u>\$ 20,291</u>	<u>\$ 20,697</u>	<u>\$ 20,362</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 2,028	\$ 10,939	\$ 4,537
Unreserved, reported in:										
Special revenue funds								6,601	8,284	986
Capital projects funds								(5,488)	(10,815)	(2,760)
Nonspendable	1,434	1,441	1,460	1,411	1,466	1,494	1,541			
Restricted	844	1,036	1,118	893	908	545	403			
Committed	13,570	13,407	14,809	14,629	19,449	15,838	17,044			
Unassigned	(10,251)	(9,518)	(14,992)	(14,766)	(13,709)	(8,551)	(6,801)			
Total All Other Governmental Funds	<u>\$ 5,597</u>	<u>\$ 6,366</u>	<u>\$ 2,395</u>	<u>\$ 2,167</u>	<u>\$ 8,114</u>	<u>\$ 9,326</u>	<u>\$ 12,187</u>	<u>\$ 3,141</u>	<u>\$ 8,408</u>	<u>\$ 2,763</u>

Note: Starting in 2011, fund balance allocations were modified to adhere to GASB Statement 54.

TABLE 4

TOWN OF WALLINGFORD, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
General property taxes	\$ 118,393	\$ 119,376	\$ 115,657	\$ 111,543	\$ 109,255	\$ 105,948	\$ 104,359	\$ 101,282	\$ 99,085	\$ 92,419
Licenses and permits	660	764	637	629	668	642	760	469	644	838
Intergovernmental revenues	57,511	48,796	44,809	52,677	46,183	47,040	44,055	48,146	57,988	66,487
Charges for services	6,533	6,383	6,030	5,954	6,415	7,535	7,558	7,530	7,068	7,047
Investment income	294	184	136	100	88	108	111	279	660	1,232
Other	2,371	2,570	2,344	2,138	2,370	2,217	7,046	2,428	9,655	4,284
Total revenues	<u>185,762</u>	<u>178,073</u>	<u>169,613</u>	<u>173,041</u>	<u>164,979</u>	<u>163,490</u>	<u>163,889</u>	<u>160,134</u>	<u>175,100</u>	<u>172,307</u>
Expenditures:										
General government	25,014	24,998	23,763	22,857	21,855	21,845	21,545	19,479	18,804	17,444
Public safety	16,193	16,346	15,458	15,524	14,736	15,078	14,859	14,816	14,962	14,289
Public works	7,651	6,938	7,920	6,868	7,001	6,847	8,399	7,332	7,799	7,906
Health and social services	2,727	2,634	2,669	2,606	2,455	2,457	2,456	2,767	2,776	2,833
Parks and recreation	1,784	1,855	1,833	1,808	1,718	1,730	1,659	1,684	1,773	1,760
Education	126,663	115,257	110,364	111,859	107,757	105,742	101,982	102,136	98,767	120,399
Capital outlay	4,919	12,635	2,388	13,857	5,562	7,762	2,604	12,162	19,383	6,973
Debt Service:										
Principal	3,460	3,090	3,519	3,185	3,439	3,340	3,351	5,061	5,175	4,785
Interest and other charges	1,233	1,285	1,210	1,326	1,368	1,870	1,683	1,925	2,171	2,030
Total expenditures	<u>189,644</u>	<u>185,038</u>	<u>169,124</u>	<u>179,890</u>	<u>165,891</u>	<u>166,671</u>	<u>158,538</u>	<u>167,362</u>	<u>171,610</u>	<u>178,419</u>
Excess of revenues over (under) expenditures	<u>(3,882)</u>	<u>(6,965)</u>	<u>489</u>	<u>(6,849)</u>	<u>(912)</u>	<u>(3,181)</u>	<u>5,351</u>	<u>(7,228)</u>	<u>3,490</u>	<u>(6,112)</u>
Other financing sources (uses):										
Transfers in	4,125	4,443	4,024	4,085	4,199	4,270	4,297	4,458	4,780	4,664
Transfers out	(2,432)	(2,770)	(2,278)	(2,423)	(2,339)	(2,405)	(2,420)	(2,493)	(2,798)	(2,593)
Bonds issued		10,625					2,060			9,000
Bond premium		1,424				1,889	19		13	205
Multi-year lease purchase agreements									495	350
Refunding bonds issued		11,030				15,190				
Payment to refunding bond escrow agent		(12,137)				(16,942)				
Total other financing sources (uses)	<u>1,693</u>	<u>12,615</u>	<u>1,746</u>	<u>1,662</u>	<u>1,860</u>	<u>2,002</u>	<u>3,956</u>	<u>1,965</u>	<u>2,490</u>	<u>11,626</u>
Net change in fund balances	<u>(2,189)</u>	<u>5,650</u>	<u>2,235</u>	<u>(5,187)</u>	<u>948</u>	<u>(1,179)</u>	<u>9,307</u>	<u>(5,263)</u>	<u>5,980</u>	<u>5,514</u>
Fund balances, beginning	<u>35,616</u>	<u>29,966</u>	<u>27,731</u>	<u>32,918</u>	<u>31,970</u>	<u>33,149</u>	<u>23,842</u>	<u>29,105</u>	<u>23,125</u>	<u>17,611</u>
Fund Balances, Ending	<u>\$ 33,427</u>	<u>\$ 35,616</u>	<u>\$ 29,966</u>	<u>\$ 27,731</u>	<u>\$ 32,918</u>	<u>\$ 31,970</u>	<u>\$ 33,149</u>	<u>\$ 23,842</u>	<u>\$ 29,105</u>	<u>\$ 23,125</u>
Debt service as a % of noncapital expenditures	<u>2.53%</u>	<u>2.53%</u>	<u>2.84%</u>	<u>2.72%</u>	<u>3.00%</u>	<u>3.28%</u>	<u>3.23%</u>	<u>4.50%</u>	<u>4.83%</u>	<u>3.98%</u>

Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

**TOWN OF WALLINGFORD, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (In Thousands)**

Fiscal Year	Grand List Year	Real Property			Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Tax Exempt Property	Net Taxable Grand List	Total Direct Tax Rate (in mils)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage Taxable of Taxable Value
		Residential	Commercial	Industrial								
2017	2015	\$ 2,693,081	\$ 587,445	\$ 333,030	\$ 476,981	\$ 356,825	\$ 4,447,362	\$ 243,665	\$ 4,203,697	27.89	\$ 6,005,281	70.00%
2016	2014	2,757,725	541,103	325,867	518,000	348,129	4,490,824	222,613	4,268,211	27.47	6,097,444	70.00%
2015	2013	2,730,788	540,524	332,580	499,885	340,828	4,444,605	194,023	4,250,582	26.89	6,072,260	70.00%
2014	2012	2,722,992	540,182	330,506	474,912	331,580	4,400,172	181,003	4,219,169	26.22	6,027,384	70.00%
2013	2011	2,696,234	534,250	333,912	456,450	333,812	4,354,658	171,872	4,182,786	25.98	5,975,409	70.00%
2012	2010	2,694,389	517,096	328,202	474,571	311,967	4,326,225	157,154	4,169,071	25.22	5,955,816	70.00%
2011	2009	2,820,368	612,189	279,515	441,370	299,597	4,453,039	148,450	4,304,589	24.08	6,149,413	70.00%
2010	2008	2,806,635	605,649	277,844	444,674	296,629	4,431,431	126,852	4,304,579	23.20	6,149,398	70.00%
2009	2007	2,793,286	592,033	272,458	407,436	310,103	4,375,316	113,400	4,261,916	22.90	6,088,451	70.00%
2008	2006	2,769,256	584,787	253,301	363,039	301,853	4,272,236	104,096	4,168,140	22.05	5,954,486	70.00%

Source: Town of Wallingford, Assessor's Office

Notes:

- (1) 2005 & 2010 real property grand list is adjusted to reflect statutory revaluation
- (2) The Town assesses property at 70% of actual for all types of real and personal property

TABLE 6

**TOWN OF WALLINGFORD, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
(In Thousands)**

Taxpayer	Nature of Business	Fiscal Year Ended June 30, 2017 for the Grand List of October 1, 2015			Fiscal Year Ended June 30, 2008 for the Grand List of October 1, 2006		
		Taxable Assessed Value	Rank	Percentage of Net Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Town Taxable Assessed Value
Bristol-Meyers-Squibb	Pharmaceutical Research & Dev	\$ 96,015	1	2.28%	\$ 143,178	1	3.44%
Cellco Partnership	Communications	30,024	2	0.71%	26,091	4	0.63%
LSREF4 Rebound LLC	Property Development & Management	27,716	3	0.66%			
Leigus TEI Equities I LLC	Property Development	24,264	4	0.58%			
Yankee Gas	Utility	23,028	5	0.55%			
Masonic Health Care Center	Retirement Community	22,736	6	0.54%	12,529	7	0.30%
Connecticut Light & Power	Utility	21,398	7	0.51%			
APS Technologies	Manufacture/Design Equipment for Drilling	17,940	8	0.43%			
BYK USA Inc	Manufacturer	17,392	9	0.41%			
Infinity Route 5 Limited Partnership	Car Dealer	16,945	10	0.40%			
PPL Energy LLC	Energy Producer				48,019	2	1.15%
Winstanley Properties	Property Development & Management				31,016	3	0.74%
Cytec Corp	Plastic & Resin Manufacturing				17,905	5	0.43%
Wal-Mart Stores	Retail				17,405	6	0.42%
Home Depot	Retail				12,287	8	0.29%
BJ's Wholesale Club	Retail				12,099	9	0.29%
Shaws Plaza	Retail				11,199	10	0.27%
		<u>\$ 297,458</u>		<u>7.07%</u>	<u>\$ 331,728</u>		<u>7.96%</u>

Source: Town of Wallingford, Assessor's Office

**TOWN OF WALLINGFORD, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30,	Grand List Year	Net Grand List	Mill Rate	Total Tax Levy	Collected Within The Fiscal Year of Levy		Tax Collections In Subsequent Years	Total Collections To Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2017	2015	\$ 4,203,697	27.89	\$ 118,055	\$ 116,264	98.48%	\$	\$ 116,264	98.48%
2016	2014	4,268,211	27.47	118,027	116,411	98.63%	745	117,156	99.26%
2015	2013	4,250,582	26.89	115,054	113,353	98.52%	1,142	114,495	99.51%
2014	2012	4,219,169	26.22	111,148	109,269	98.31%	1,011	110,280	99.22%
2013	2011	4,182,786	25.98	109,079	107,020	98.11%	1,057	108,077	99.08%
2012	2010	4,169,071	25.22	105,608	103,684	98.18%	1,147	104,831	99.26%
2011	2009	4,304,589	24.08	103,940	102,206	98.33%	1,389	103,595	99.67%
2010	2008	4,304,579	23.20	100,193	98,344	98.15%	1,642	99,986	99.79%
2009	2007	4,261,916	22.90	98,091	96,201	98.07%	1,451	97,652	99.55%
2008	2006	4,168,140	22.05	92,410	90,584	98.02%	1,360	91,944	99.50%

Notes:

(1) Total Tax Levy includes Motor Vehicle Supplemental Taxes that are excluded for the Net Taxable Grand List and Assessors Certificates of Change.

TOWN OF WALLINGFORD, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Ratio of Total Debt To Net Taxable Assessed Value	Total Debt Per Capita	Ratio of Net General Bonded Debt To Net Taxable Assessed Value	Ratio of Net General Bonded Debt Per Capita
	General Obligation Bonds			General Obligation Bonds							
	General Purpose	Schools	Capital Leases	Electric	Water	Sewer					
2017	\$ 5,854	\$ 24,996	\$	\$	\$ 3,090	\$ 811	\$ 34,751	0.81%	\$ 778	0.73%	\$ 691
2016	6,711	30,242			3,450	976	41,379	0.97%	863	0.86%	794
2015	7,890	21,167			3,030	1,146	33,233	0.79%	705	0.68%	612
2014	9,339	23,373			3,321	1,316	37,349	0.85%	792	0.74%	689
2013	10,799	25,232			3,689	1,599	41,319	0.95%	876	0.82%	759
2012	12,298	27,307			4,171	1,773	45,549	1.05%	968	0.91%	836
2011	13,808	30,130	44		4,752	2,093	50,827	1.14%	1,083	0.98%	932
2010	14,589	28,750	224		2,529	2,420	48,512	1.13%	1,081	1.01%	966
2009	15,965	32,435	558		3,085	2,843	54,886	1.29%	1,222	1.14%	1,077
2008	17,325	36,175	418		3,901	3,197	61,016	1.46%	1,366	1.28%	1,197

Note:

Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2017
(In Thousands)

Total tax collections (including interest and penalties)					\$	118,393
State reimbursement for:						
Tax relief for elderly - freeze						
Total					\$	<u>118,393</u>
		General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:						
2-1/4 times base	\$	266,413	\$		\$	\$
4-1/2 times base			532,827			
3-3/4 times base				444,022		
3-1/4 times base					384,819	
3 times base						355,218
Total debt limitation		<u>266,413</u>	<u>532,827</u>	<u>444,022</u>	<u>384,819</u>	<u>355,218</u>
Debt as defined by Statute:						
Bonds payable and notes		5,854	24,996			
Bonds authorized and unissued		8,391	14,204			
School building grants			(10,718)			
Total indebtedness		<u>14,245</u>	<u>28,482</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u>252,168</u>	\$	<u>504,345</u>	\$	<u>444,022</u>
					\$	<u>384,819</u>
					\$	<u>355,218</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$828,842.

Note 2: Bonds Payable do not include Water bonds of \$3,090 and Sewer Bonds of \$811, which are considered to be self-funding.

Note 3: In addition an estimated 49% or \$35,460 of a Town-wide school system renovation authorization totaling \$72,367 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$29,867 leaving a balance of \$5,593 in anticipated grant payments pending state approval of the projects.

Note 4: In addition an estimated 95% or \$26,418 of the Vo-Ag Building Project authorization totaling \$27,808 will be received from the State in the form of proportional progress payments for eligible project costs. Progress payments received to date total \$24,730 leaving a balance of \$1,688 in anticipated grant payments pending state approval of the project.

Note 5: In addition an estimated 50% or \$8,082 of the Eleven School Roof Project authorization totaling \$16,165 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$4,645 leaving a balance of \$3,437 in anticipated grant payments pending state approval of the project.

TABLE 10

**TOWN OF WALLINGFORD, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Debt Limit	\$ 828,842	\$ 835,639	\$ 809,613	\$ 781,151	\$ 763,812	\$ 741,335	\$ 731,549	\$ 709,072	\$ 693,469	\$ 646,674
Total net debt applicable to limit	<u>42,727</u>	<u>48,470</u>	<u>45,579</u>	<u>40,542</u>	<u>43,384</u>	<u>44,655</u>	<u>44,464</u>	<u>52,586</u>	<u>57,296</u>	<u>61,884</u>
Legal Debt Margin	<u>\$ 786,115</u>	<u>\$ 787,169</u>	<u>\$ 764,034</u>	<u>\$ 740,609</u>	<u>\$ 720,428</u>	<u>\$ 696,680</u>	<u>\$ 687,085</u>	<u>\$ 656,486</u>	<u>\$ 636,173</u>	<u>\$ 584,790</u>
Total net debt applicable to the limit as a percentage of debt limit	5.16%	5.80%	5.63%	5.19%	5.68%	6.02%	6.08%	7.42%	8.26%	9.57%

**TOWN OF WALLINGFORD, CONNECTICUT
DEMOGRAPHIC AND EMPLOYMENT STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	School Enrollment (2)	Median Household Income (3)	Labor Force		Percentage Unemployed (4)			
				Employed (4)	Unemployed (4)	Town of Wallingford	New Haven Labor Market	State of Connecticut	United States
2016	44,660	5,872	\$ 75,467	26,017	1,195	4.4%	5.2%	5.1%	4.5%
2015	44,893	5,908	75,467	25,356	1,273	5.0%	5.9%	5.9%	5.1%
2014	45,074	6,120	75,467	23,949	1,574	6.2%	6.9%	6.7%	6.4%
2013	45,141	6,270	72,531	23,219	1,806	7.2%	8.4%	8.2%	7.8%
2012	45,179	6,228	72,531	23,219	1,901	7.5%	8.5%	8.4%	8.3%
2011	45,135	6,293	72,531	23,550	2,055	8.0%	8.8%	8.5%	9.2%
2010	45,182	6,458	72,531	23,801	2,156	8.3%	9.9%	9.6%	9.9%
2009	44,872	6,668	72,531	24,230	1,278	5.0%	6.3%	5.7%	10.0%
2008	44,916	6,678	71,949	24,057	1,494	5.8%	6.6%	6.6%	5.8%
2007	44,679	6,723	66,225	24,630	995	3.9%	4.7%	4.5%	4.8%

Total personal income is not reported for the Town of Wallingford.

Sources:

- (1) U.S. Department of Commerce, Bureau of Census or State of Connecticut, Department of Labor, whichever is most current.
- (2) Wallingford Board of Education
- (3) Connecticut Economic Resources Council (CERC).
- (4) State of Connecticut, Department of Labor - June 30 year-end figures.

TABLE 12

**TOWN OF WALLINGFORD, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO**

Business Name	Nature of Business	2017			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Wallingford	Municipality	1,337	1	5.14%	1,338	1	5.32%
Anthem BC/BS	Health Insurer	1,330	2	5.11%			
Masonic Healthcare Center	Healthcare	1,049	3	4.03%	579	5	2.30%
Gaylord Hospital	Medical & Rehabilitation Facility	486	4	1.87%	500	8	1.99%
Community Health Network of CT, Inc.	Nonprofit Managed Care	471	5	1.81%			
Bristol-Myers-Squibb	Pharmaceutical R & D	430	6	1.65%	1,250	2	4.97%
Choate Rosemary Hall	Private School	329	7	1.26%	272	9	1.08%
Fosdick Fulfillment Corp	Fulfillment	228	8	0.88%			
Thurston Foods	Wholesale Food Distribution	215	9	0.83%			
Ulbrich Stainless Steels & Specialty Metals	Manufacture Stainless Steel	204	10	0.78%	199	12	0.79%
Nucor Steel CT	Rebar & Wire Products	164	11	0.63%	194	13	0.77%
BYK	Manufacturer of Chemical Additives	152	12	0.58%			
Edible Arrangements	Fresh Fruit Arrangements & Gifts	136	13	0.52%			
APS Technologies	Manufacture/Design Equipment for Drilling	127	14	0.49%			
Burns & McDonnell	Engineering & Architecture	125	15	0.48%			
U.S. Postal Service	Mail Distribution and Processing				834	3	3.31%
Verizon Wireless	Cellular Wireless Communications				777	4	3.09%
Quest Diagnostics Inc	Diagnostic Laboratories				550	6	2.18%
Walmart	Retail				526	7	2.09%
Cytec Industries	Plastics and Resin Manufacturer				268	10	1.06%
Thermospas	Manufacture Spas				266	11	1.06%
Regency House of Wallingford	Nursing Facility for Seniors				183	14	0.73%
American Payment Systems	Financial Services				99	15	0.39%
		<u>6,783</u>		<u>26.06%</u>	<u>7,835</u>		<u>31.13%</u>

Source: Town of Wallingford, Office of Economic Development

**TOWN OF WALLINGFORD, CONNECTICUT
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government:										
General Government	18	19	19	19	19	19	19	19	19	19
Finance	28	29	29	29	29	28	28	29	30	30
Personnel and Pensions	7	7	7	7	7	6	6	6	6	6
Other Services	26	23	23	15	15	15	15	15	15	15
Public Safety:										
Police	95	95	95	95	95	95	98	98	98	98
Fire & EMS	68	68	68	68	68	65	65	65	65	65
Public Works:										
Public Works	45	45	45	45	46	48	48	48	49	49
Engineering	5	4	5	5	6	7	7	7	7	7
Parks & Recreation	5	6	6	6	6	7	7	7	7	7
Board of Education:										
Teachers	588	588	574	575	574	574	587	604	606	613
Administration	31	32	29	29	33	30	30	27	34	31
Custodial & Maintenance	37	37	37	37	37	36	37	38	38	37
Other	304	296	298	305	289	282	283	281	349	301
Total Governmental Activities	<u>1,257</u>	<u>1,249</u>	<u>1,235</u>	<u>1,235</u>	<u>1,224</u>	<u>1,212</u>	<u>1,230</u>	<u>1,244</u>	<u>1,323</u>	<u>1,278</u>
Public Utilities:										
Electric Division	64	63	61	61	61	59	59	59	59	59
Water Division	37	37	37	37	37	38	38	38	38	38
Sewer Division	29	29	29	29	29	29	29	29	29	29
Total Business-Type Activities	<u>130</u>	<u>129</u>	<u>127</u>	<u>127</u>	<u>127</u>	<u>126</u>	<u>126</u>	<u>126</u>	<u>126</u>	<u>126</u>
Total	<u>1,387</u>	<u>1,378</u>	<u>1,362</u>	<u>1,362</u>	<u>1,351</u>	<u>1,338</u>	<u>1,356</u>	<u>1,370</u>	<u>1,449</u>	<u>1,404</u>

Source: Town of Wallingford Departments, Agencies and Divisions

TABLE 14

**TOWN OF WALLINGFORD, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Function / Program										
General Government:										
Building permits issued	2,277	2,125	918	899	804	1,096	932	889	954	993
Building inspections conducted	8,617	14,875	8,716	8,091	7,236	8,964	8,388	8,001	8,586	8,937
Public Safety										
Police:										
Physical arrests	2,010	2,214	1,996	1,862	1,960	1,926	1,563	2,192	1,722	1,684
Parking violations	392	399	681	641	544	338	734	966	819	445
Traffic violations	3,124	3,507	4,775	3,615	2,804	3,233	3,235	4,233	5,042	3,675
Fire:										
Emergency responses	6,322	6,484	6,249	6,540	6,109	5,826	5,960	5,779	5,697	5,423
Fires extinguished	106	88	86	178	99	164	102	86	59	181
Inspections	1,752	1,784	1,037	1,579	1,961	1,381	1,550	1,811	1,783	1,548
Public Works:										
Street resurfacing (miles)	4.83	8.48	5.53	4.78	6.80	6.51	3.33	4.49	4.39	4.90
Pothole Tons of Patch	325	350	435	250	260	240	270	260	260	240
Parks & Recreation:										
Athletic field & park permits issued	942	815	851	894	878	892	883	867	883	350
Library:										
Holdings in collection print & nonprint	246,864	244,683	235,916	228,310	253,607	246,835	253,808	246,049	237,478	190,000
Total volumes borrowed	501,402	540,065	590,312	622,045	669,997	700,773	703,579	687,822	646,244	500,000
Electric enterprise:										
Miles of Lines	401	400	398	398	398	397	396	395	395	396
Kilowatt Hours-Daily Average(000)	1,679	1,652	1,690	1,701	1,705	1,686	1,653	1,641	1,637	1,850
Water enterprise:										
Water main breaks	16	10	14	17	14	13	15	21	11	6
Average daily production(000)	3.839	3.926	3.631	3.973	4.085	4.285	4.380	3.969	4.239	4.500
Maximum daily production(000)	6.191	6.048	5.920	5.771	6.544	6.887	7.615	5.625	6.477	6.590
Sewer enterprise:										
Average daily sewage treatment(000)	5.020	4.910	5.201	5.358	5.368	5.982	5.849	6.305	5.879	5.500

Source: Town of Wallingford Departments, Agencies and Divisions

* Approximate figure.

TABLE 15

**TOWN OF WALLINGFORD, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function / Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	36	36	36	36	36	35	43	43	43	43
Fire Services:										
Firefighting/rescue vehicles	11	11	11	11	11	11	9	9	9	9
Other vehicles	5	5	5	5	5	5	5	5	5	5
Fire stations	2	2	2	2	2	2	2	2	2	2
Volunteer Fire Services:										
Fire stations	2	2	2	2	2	3	4	4	4	4
Firefighting/rescue vehicles	8	8	8	8	8	8	10	10	10	10
Public Works:										
Street maintenance:										
Dump trucks	30	30	30	30	30	30	30	30	30	30
Sweepers	2	2	2	2	2	2	4	4	4	4
Parks and Cemeteries:										
Parks	18	18	18	18	18	18	18	18	18	18
Cemeteries	1	1	1	1	1	1	1	1	1	1
Mowers	8	8	8	8	8	8	8	8	8	8
Parking lots	9	9	9	9	9	9	9	9	9	9
Health and Social Services:										
Senior center	1	1	1	1	1	1	1	1	1	1
Parks and Recreation:										
Basketball courts - outdoors	8	8	8	8	8	8	8	8	8	8
Football fields - High School	2	2	2	2	2	2	2	2	2	2
Playgrounds	10	10	10	10	10	10	10	10	10	10
Soccer fields	8	8	8	8	8	8	8	8	8	8
Softball fields	15	15	15	15	15	15	15	15	15	15
Hardball fields	4	4	4	4	4	4	4	4	4	4
Tennis courts	17	17	17	17	17	17	17	17	17	17
Education:										
School buildings	12	12	12	12	12	12	12	12	12	12
Administrative buildings	1	1	1	1	1	1	1	1	1	1

Source: Town of Wallingford Departments, Agencies and Divisions